

Daily Report

China

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Daily Report China

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General

Zhao Comments on Sino-Soviet Summit, Korea OW0411164088 Beijing XINHUA in English 1600 GMT 4 Nov 88

[Text] Beijing, November 4 (XINHUA)—A Sino-Soviet summit would be possible [you zhe ge ke neng 2589 6628 0020 0668 5174] in the first half of next year, Chinese leader Zhao Ziyang said here today in response to a question by a Japanese friend who asked whether such a summit would take place in that period of time.

Zhao, general secretary of the Chinese Communist Party Central Committee, gave the answer during a meeting this afternoon with the principal members attending the third Sino-Japanese economic seminar which ended here today.

Zhao said the prospect for a Sino-Soviet summit is determined by the progress of the discussion between the two sides on the solution of the Kampuchea issue.

He noted in particular that the foreign ministers of China and the Soviet Union will exchange visits at the end of this year and the beginning of next year.

The possibility of a Sino-Soviet summit, Zhao stressed, will depend on the smooth exchange of visits between the two foreign ministers.

He noted that, according to his understanding, at present the Soviet Union hopes Vietnam to withdraw its troops from Kampuchea at an early date and is willing to do its part in this regard.

Whether this represents the Soviet Union's intention will be made clear during the foreign ministers' meetings, Zhao added.

If the exchange of visits turns out to be successful, the Sino-Soviet summit "could be held in Beijing [you ke neng zai bei jing ju xing 2589 0668 5174 0961 0554 0079 5282 5887]," for Mikhail Gorbachev wants very much to meet Deng Xiaoping, he added.

When asked whether the two countries would sign any treaty after the normalization of bilateral relations, Zhao said that even if the summit is held and the bilateral relations are normalized, ties should only be established on the basis of the five principles of peaceful co-existence.

He said, China maintains an independent policy and will not align itself with any big powers. This will not change, he stressed. "As to whether any treaty will be signed between China and the Soviet Union," Zhao said, "We have not thought of this [xian zai hai mei you xiang dao zhe ge wen ti 3807 0961 6703 3093 2589 1927 0451 6628 0020 0795 7344]."

He pointed out that there would be growth in the Sino-Soviet cooperation in the fields of economy and technology. It would be beneficial to the development of such cooperation if the relations between the two countries become normalized, he added.

Answering a question about the Korean peninsula, Zhao said at present some easing of tension has emerged there, and China hopes such an ease of tension and stability will continue.

"China will do what is beneficial to the easing of tension on the peninsula and will not do anything that would make the situation there tense and complicated," he added.

Zhao reiterated that China will not have any political relations with South Korea. China has economic and trade ties with South Korea only and does not have any political relations with it. He added that most of the economic and trade ties are indirect.

Personnel exchanges are non-governmental and not official, he added.

When asked about the forthcoming visit to China in December by Indian Prime Minister Rajiv Gandhi, Zhao said this is "a major event in Sino-Indian relations."

China hopes Rajiv Gandhi's visit will give a big push to the development of the friendly ties between the two countries, he added.

He said it would certainly be fine if the visit helps bring a solution to the Sino-Indian border question. Even if it fails to do so, both countries have many other things to discuss, Zhao added.

Paper on Zhao's Comments HK0711063088 Beijing RENMIN RIBAO in Chinese 5 Nov 88 pp 1, 2

[Report from Beijing by Dai Yuqing (2071 3768 1987) and Li Hexin (2621 0735 0207): "Zhao Ziyang on Economic Readjustment at Meeting With Japanese Friends Attending the Sino-Japanese Economic Symposium"]

[Text] Beijing, 4 Nov—"China's current moves to improve the economic environment are in essence a round of economic adjustment in the process of development, and will not affect China's foreign economic relations." General Secretary of the CPC Central Committee Zhao Ziyang this afternoon met in Zhongnanhai

with the Japanese representatives, headed by Akira Arai, director of NIHON KEIZAI SHIMBUN, participating in the Third Sino-Japanese Economic Symposium. He answered the questions of the guests and analyzed the current economic situation in China and China's economic policies. He pointed out that the economic adjustment needs all the more the implementation of the coastal economic development strategy. To speed up development, the coastal areas must "put the two ends on the outside markets [liang tou zai wai 0357 7333 0961 1120]" and "conduct import and export on a large scale [da jin da chu 1129 6651 1129 0427]."

Relationship Between Economic Adjustment and Introduction of Foreign Funds

Zhao Ziyang pointed out: China's present high inflation is mainly caused by overheated economic development, an excessively large scale of capital construction, and excessively rapid growth in consumption funds. So, to improve the economic environment, it is necessary to make the economy contract appropriately. However, the current adjustment is different from that in 1981. Now, China's annual industrial growth rate exceeds 15 percent. Even if we lower the rate to 10 percent, industry will still grow rapidly. The present scale of capital construction in China is about 400 billion yuan. Even if capital construction is cut by tens of billions of yuan, the construction scale will remain rather large. In general, the current adjustment will not affect China's fore n economic and technological cooperation. China will seriously fulfill all foreign economic contracts that have been signed. As for new contracts which have not been signed. China will select the urgently necessary ones according to the concrete projects and conditions. We need to continue the projects related to infrastructural facilities and infrastructural industries, and also need some processing industrial projects which involve high technology and favorable conditions. Because we are carrying out economic contraction, China will reduce somewhat the number of projects. This requires foreign investment schemes to be more competitive so as to win the contracts.

Zhao Ziyang said: At present, China particularly hopes that foreign investors will run enterprises solely owned by themselves in China. This will not be affected by the economic adjustment, and will only win more positive support. Of course, this does not mean that we now discourage the forming of Sino-foreign joint ventures and cooperative enterprises. What we mean is that in the period of adjustment, the funds on the Chinese side will not be adequate, so we need more the development of enterprises solely owned by foreign investors.

Moreover, China welcomes Sino-foreign joint investment programs for transforming existing enterprises in China. This will shorten construction periods, enable the Chinese side to save its working funds, and enable both the Chinese and foreign sides to obtain quicker returns. China is willing to adopt foreign management systems in this kind of joint venture, including the measure of removing redundant workers from the enterprises. The Beijing Jeep Plant, which has been transformed and is run jointly by China and an American company, provides a successful example.

Economic Adjustment Basically Comes Into Line With the Coastal Development Strategy

Zhao Ziyang said: The economic adjustment will make it more necessary for us to "put the two ends on the outside markets" and "conduct import and export on a large scale." China's coastal areas have a good industrial foundation, but they are short of raw materials and resources. In the past, the coastal areas did not develop fast, mainly because they relied too heavily on the interior. Now, coastal development must rely more on developing foreign economic ties and developing exportoriented enterprises. They should import raw materials that are in short supply on domestic markets, and export manufactured goods to overseas markets.

He pointed out: China's coastal economic development strategy has been implemented for less than a year, but has achieved good results. Of course, there are also some problems. The main problem is that some coastal enterprises are not willing to involve themselves in large-scale import and export. Because raw materials on international markets are expensive, the enterprises prefer to buy raw materials from the interior at a high price and then process them for export. This thus puts further strains on supplies of raw materials on domestic markets. Therefore, coastal development should be based on "putting the two ends in the outside markets," "conducting more import and more export on a bigger scale," and developing an export-oriented economy. Otherwise, the situation will not be favorable to the economic adjustment.

A Key Point of the Economic Adjustment Is Controlling Extrabudgetary Projects

Zhao Ziyang said: Since 1985, China has achieved some results in controlling the scale of capital construction within the state budget, but extrabudgetary investment has continued to expand in the past few years. Therefore, a key point of the current adjustment is to reduce the scale of extrabudgetary investment.

He said: Reforms have been carried out for 10 years in China, but self-control mechanisms have not been built into enterprises, localities, and departments. They are all eager to start more construction projects, but do not give careful consideration to the economic results of these projects. If we do not reform the traditional system, which lacks self-control mechanisms, we will not be able to solve this problem. Zhao Ziyang indicated that China

will learn from the experience of Japan and other countries in exercising overall control, and will formulate a trade investment order and stipulate the investment orientation and scale according to the development plans of each trade.

On Sino-Soviet and Sino-Indian Relations

At the meeting, which lasted more than an hour, Zhao Ziyang also talked about such international issues as Sino-Soviet and Sino-Indian relations at the request of the guests.

Zhao Ziyang reiterated the principled position on realizing the normalization of Sino-Soviet relations. He said that the holding of a Sino-Soviet summit meeting is contingent on the progress of the Sino-Soviet talks on the Cambodian issue. The Japanese guests asked whether it is possible that a Sino-Soviet summit meeting will be held in the first half of next year. Zhao Ziyang said: The foreign ministers of the two countries will exchange visits late this year or early next year. If their exchange of visits goes smoothly, then it is likely that the leaders of the two countries will meet in the first half of next year. He said: In the future, if the normalization of relations between China and the Soviet Union is realized through senior-level meetings, their relations will still be based on the five principles of peaceful coexistence. China pursues an independent policy, and will not change her policy of not entering into alliance with any big power. As for bilateral economic and technological cooperation, the normalization of relations between the two countries will certainly be favorable to the development of their economic cooperation. Even before the normalization of relations is realized, the two countries also can develop their economic relations, because this is needed by both

When talking about Sino-Indian relations, Zhao Ziyang said that Indian Prime Minister Rajiv Gandhi's visit to China in December will be a major event in relations between the two countries. Undoubtedly, the visit of the Indian prime minister will play a role in promoting the improvement of Sino-Indian relations. It will certainly be fine if this can help promote the process of solving the Sino-Indian border problem. If this problem cannot be solved, the two countries can still develop their cooperation in many other fields.

RENMIN RIBAO director Qian Liren, editor-in-chief Tan Wenrui, Bank of China President Wang Deyan, and Wang Dongpo, vice chairman of the China International Trade Promotion Committee, attended the meeting.

Soviets Suspend Afghanistan Troop Withdrawal OW0511023788 Beijing XINHUA in English 0143 GMT 5 Nov 88

[Text] Moscow, November 4 (XINHUA)—The Soviet Union has suspended the withdrawal of its troops from Afghanistan and rotated fresh soldiers into the country with more sophisticated weapons, a top foreign ministry official said Friday.

First Deputy Foreign Minister Aleksandr Bessmertnykh told a press conference the withdrawal that began this year was "due to the good will of the Soviet Government" and would occur only under "honorable conditions.

He said that the rebel bombing, mortar and rocket attacks on civilians does not provide the conditions for such a withdrawal.

According to the April 14 Geneva agreement signed by the Soviet Union, the United States, Pakistan and Afghanistan, the Soviet troop withdrawal should be completed by February 15 next year.

Bessmertnykh repeated the Soviet commitment to the agreement, saying his country will fulfill the agreement "if none of the countries violate the accords."

He accused the United States and Pakistan of continually violating the agreement by supplying an "incessant flow of armaments" to the rebels.

So far, half of the Western estimated 115,000-strong Soviet troops have withdrawn from war-torn Afghanistan during the three nonths beginning May 15.

Soviet troops have been subjected to 555 shelling attacks, including 88 with rockets and mortars, he said, and another 400 attacks have been made on Soviet outposts.

Answering reporters' questions, Bessmertnykh said, "What is important is not the date at which the withdrawal will be continued, but when the agreement will be fulfilled."

Spokesman on Witadrawal Suspension HK0511095888 Beijing XINHUA in English 0911 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—China hopes the Soviet Union to withdraw all its troops [as received] from Afghanistan as scheduled, a Foreign Ministry spokesman said here today.

Commenting on the Soviet announcement that it will suspend its troop-withdrawal from Afghanistan, the spokesman told XINHUA that China expressed its concern over the development of [the] situation in Afghanistan. China hopes that the Soviet Union will earnestly implement the Geneva accords by withdrawing all its troops from Afghanistan as scheduled, instead of finding pretexts for delaying its troop-withdrawal.

'Roundup' on Withdrawal Delay HK0711102488 Beijing RENMIN RIBAO in Chinese 7 Nov 88 p 6

["Roundup" by reporter Ren Yujun (0117 3022 7486):
"The Circumstances Surrounding the Suspension of the Soviet Troop Withdrawal"]

[Text] While the temperature in some of the world's flashpoints is continuously dropping, and efforts are being made to actively seek channels for political solutions, a tense situation has occurred again within the boundaries of Agfhanistan. This has aroused the attention of world opinion.

In early November, the Soviet Union quickly sent antipersonnel weapons to the Kabul government troops.
Thirty Mig-27 fighters and a fairly large number of
SU-24 low-altitude attack planes were employed and six
or eight SS-1 medium- and short-range guided missiles
were fired from Kabul at the resistance forces' bases,
over 100 km from the city. It was reported that these
advanced weapons had appeared on the Afghan battlefield for the first time in the past 9 years. More than 200
civilians died and many others were injured in a short
period of several days. After that, the Soviet Union
suddenly announced that it would suspend the troop
withdrawal. It was reported that fresh Soviet troops have
again entered Kandahar Airport.

It is known to all that the Afghan problem is the flashpoint where the first dawn of a political settlement has occurred this year due to the efforts of the United Nations. Because of the brave resistance by the Afghan people, a strong demand from fair and just world public opinion, and the wise policy decision by the Soviet leaders, the Geneva Agreement on settling the Afghan issue was signed in mid-April this year. Thereafter, the Soviet Union began to withdraw its troops from Afghanistan and by mid-August half of the Soviet troops had returned to the Soviet Union. People expected that in accordance with the Geneva Agreement, all Soviet troops would be withdrawn from Afghanistan by 15 February next year. This would enable this ancient country in central Asia, which has suffered much from the disaster of war over the past 9 years, to achieve a peace, and enable several million refugees who are wandering destitute in foreign lands to return home in a safe and dignified way.

The Soviet troop withdrawal is only the first step in solving the Afghan issue. Since the second half of this year, the UN and the relevant quarters have continuously sought political channels for an all-around settlement of the Afghan issue. In early July, UN special envoy (Kotoweiss) made shuttle visits between Pakistan, Iran, and Afghanistan. He put forward a proposal about "convening a national representative assembly." Although the proposal has not yet been put into effect, it has attracted wide attention. At the end of October, the Seven Party Association of the Resistance Forces put

forward a proposal about the election of delegates to form a provisional government. The present chairman of the Seven Party Association, Rabbani, brought this proposal with him when he flew to New York seeking international support. During the current UN General Assemble, Pakistan cooperated with the Soviet Union in submit! .g a proposal on solving the Afghan issue. On 3 No mer, without any debate, the UN General Assembly turned this proposal into a resolution and adopted it. This resolution reiterates that the Afghan people have the right to determine the form of their government, and to select their future political, economic, and social systems. It urges various political forces in the country to carry on a dialogue with the aim of seeking a channel for all-around political settlement. It calls for establishing a government widely supported by various quarters, so that the refugees will return to Afghanistan and rebuild their homeland.

Having more proposals is a good rather than a bad thing. By comparing, various quarters in Afghanistan and the broad masses of the Afghan people, the proposal that conforms most with their national interests will be determined. Various proposals can also mutually make up each other's deficiencies, and be gradually perfected. Even if there are gaps or differences in the proposals the problems can be solved through dialogue. However, before the various proposals were seriously discussed the Soviet side suddenly provided the Kabul government with a large quantity of unprecedentedly advanced weapons. These weapons have aggravated the tense situation in Afghanistan and caused the deaths of a large number of innocent people. On the second day after the UN General Assembly passed the resolution on the Afghan issue, the Soviet side suddenly announced the suspension of its troop withdrawal. This cannot but attract the close attention of international public opinion which desires a peaceful settlement of the Afghan issue.

Currently, the world's flashpoints are inherently linked. The political settlement of the problem in a flashpoint is beneficial to the political settlement of the problem in another flashpoint. People have noted that the signing of the Geneva Agreement on the Afghan issue in April this year has given impetus to the drop in temperature in other flashpoints, and created a path for political settlement. People hope that the relevant quarters, including the Soviet Union, will continue to actively seek a political channel for an all-around settlement of the Afghan issue, so that the problem of the flashpoint where the first dawn for peaceful settlement occurred this year, can be solved in an all-around and thorough way as early as possible.

'Commentary' Criticizes Delay HK0711110888 Beijing RENMIN RIBAO in Chinese 7 Nov 88 p 6

[Short commentary: "It Is Unwise for the Soviet Union To Delay Its Troop Withdrawal"]

[Text] On 3 November, the 43d UN General Assembly passed a resolution urging the Soviet Union to strictly

abide by the Geneva Agreement to withdraw all its troops from Afghanistan by 15 February next year. The fact that this resolution was unanimously adopted shows that the international community is still paying close attention to the Afghan situation.

Paying such close attention is not groundless. After the Soviet Union started its troop withdrawal from Afghanistan, people hoped that it would consider the desires of the international community and do its best to smoothly complete the troop withdrawal, so that the Afghan issue can be solved in a reasonable and just way. However, a number of facts have recently shown that after completion of the first stage of troop withdrawal, the Soviet Union has obviously slowed down the pace of its continuing withdrawal of troops. On 4 November, the Soviet First Deputy Foreign Minister Bessmertnykh openly announced that since the military situation in Afgfanistan was "deteriorating," the Soviet Union would suspend its troop withdrawal. Although he stated that the Soviet Union was willing to withdraw all its troop as scheduled by February next year in accordance with the Geneva Agreement, the Soviet action will inevitably cast a shadow over the prospects of an early political settlement to the Afghan issue.

What merits our attention is that while the Soviet Union is slowing down or even suspending its troop withdrawal, it continues to increase deliveries of heavy weapons to Afghanistan. During the 3d week of October the Soviet Union sent 30 sophisticated MIG-27 fighters to the Shindand Air Base. These planes have been used to attack the Afghan resistance forces positions. In addition, according to reports the Soviet Union has recently deployed SS-1 surface-to-surface tactical missiles around the Afghanistan capital. Their range of fire can reach most regions in the country. They also constitute a severe threat to Pakistan.

People still remember that when the Geneva Agreement on the political settlement of the Afghan issue was signed in April this year, and the first stage of Soviet troop withdrawal was completed as scheduled in August this year, the international community positively appraised the acts saying that this was an important step in fulfilling the aim of a political settlement to the Afghan issue. However, the Soviet authorities have now delayed their troop withdrawal and strengthened Afghanistan's military forces under the pretext of the so-called "deterioration" in the situation. This has caused people new anxiety and is truly an unwise move letting down people from various countries.

Troop withdrawal is the key to an all-around settlement of the Afghan issue. Only when the Soviet Union withdraws all its troops from Afghanistan, stops its interference in the internal affairs of the country, and lets the Afghan people determine their own fate will there be a prerequisite for the reconciliation of the Afghan nation. As a main party involved in the Afghan issue and a signatory of the Geneva Agreement, the Soviet Union

must conscientiously abide by the agreement and withdraw all its troops from Afghanistan as scheduled. It must on no account delay its troop withdrawal under this or that kind of pretext.

Zhao on Adjustment, Foreign Cooperation OW0411165388 Beijing XINHUA in English 1553 GMT 4 Nov 88

[Text] Beijing, November 4 (XINHUA)—China's current moves to rectify the economic order will not affect economic and technological cooperation between China and foreign countries.

In today's interview with the chief representatives who attended the third Sino-Japanese economic symposium held from November 3 to 4 in Beijing, Zhao Ziyang, general secretary of the Chinese Communist Party's Central Committee, said the current adjustment is different from that carried out in 1981.

"It is an adjustment in the process of development. Though the scale of construction will be reduced and the speed of development be slowed down, the scale will be comparatively large and the speed, comparatively fast," said Zhao.

He affirmed that the adjustment will not influence China's economic and technological cooperation with foreign countries. The contracts already signed will definitely be fulfilled, and those under discussion will be examined to decide whether they qualify for approval, said Zhao.

The general secretary said he expected more enterprises with sole foreign funds to be set up in China. "China is willing to build joint ventures with foreign partners, but now there are some difficulties in doing so. We will institute no restrictions for foreign entrepreneurs who wish to establish solely-funded enterprises in China."

But he expressed his preference for those joint ventures which integrate Chinese factory buildings and facilities with foreign up-to-date technology, equipment, managerial expertise and the international sales network. "Such joint ventures can achieve quicker results," he said.

Talking in detail on the development strategy in China's coastal areas, Zhao said complete dependence on domestic raw materials in the past caused these areas to develop slowly, and their superior natural conditions failed to be put into full use because of poor transportation and difficulties in getting materials.

"Therefore, they had to turn to the outside world, developing export-oriented enterprises which can import raw materials China is short of and sell products abroad," said Zhao.

Although the strategy had not been worked out until this spring, it has achieved good results demonstrated partly by the current faster development speed and better export situation in coastal areas, Zhao said.

Phnom Penh Rejects UN Cambodian Resolution OW0611140588 Beijing XINHUA in English 0911 GMT 6 Nov 88

[Text] Beijing, November 6 (XINHUA)—The Hanoibacked Phnom Penh regime has turned down a United Nations resolution on the Kampuchea problem, saying it is "an utmost distortion of the reality in the country."

The resolution, which called for Vietnam's withdrawal of all its forces from Kampuchea under effective international supervision and control and the creation of an interim administering authority in Kampuchea, was cosponsored by 62 UN member states.

It urged the promotion of national reconciliation among all Kampucheans under the leadership of Samdech Norodom Sihanouk and non-return to the universally condemned policies and practices in the recent past.

However, the Kampuchean state news agency (SPK) of Phnom Penh regime blamed the resolution for not mentioning the cut of foreign support for the Khmer Rouge and the two other opposition parties.

SPK also said on Saturday [5 November] the resolution damages the image of the UN and makes it more difficult for an early solution to the Kampuchea problem.

The six ASEAN countries worked out the draft resolution which was adopted by the UN General Assembly by a vote of 122 in favor, five more than the one passed last year, and 19 against with 13 abstentions.

'Commentary' Hails Resolution HK0711115288 Beijing RENMIN RIBAO in Chinese 5 Nov 88 p 6

[Commentary by correspondent Liu Kaichen (0491 7030 1368): "Victory for Justice—Commenting on the 10th UNGA Resolution on Cambodia"]

[Text] United Nations, 3 Nov—The 43d UN General Assembly [UNGA] passed a resolution on the "Situation in Cambodia" by an overwhelming majority of 122 votes. The resolution called for the withdrawal of foreign forces, that is the withdrawal of Vietnamese forces from Cambodia, and demanded that the Cambodian people be allowed to exercise self-determination. This was the result of the great majority of UN member states sticking to principles and upholding justice.

During this UNGA session the Vietnamese delegate has been active in various directions in proposing a so-called "new" draft resolution on the Cambodian question;

under the pretext of "welcoming and fully supporting the efforts of the ASEAN states and various factions in Cambodia for achieving a peaceful settlement of the Cambodian question," this draft both concealed the true essence of Vietnamese aggression against Cambodia and also skirted around the key to a solution to the Cambodian question—the essential Vietnamese troop withdrawal. It was naturally rejected by the ASEAN states and many other states.

The resolution on the "Situation in Cambodia," which was proposed by the ASEAN states and adopted today, upheld the main thrust of the nine previous UNGA resolutions on the Cambodian question: Vietnam must withdraw its forces from Cambodia, and Cambodia must exercise self-determination and become an independent, neutral, and peaceful nonaligned state. In the course of consultations, the delegates from many countries expressed support for this and demanded to join in sponsoring the resolution. However, the Vietnamese delegate refused to accept the resolution on the grounds that it "duplicated many views in the old resolutions," and openly voted against it. This has yet again revealed that Vietnam is still insincere about solving the Cambodian question.

The Vietnamese delegate advocated that in resolving the Cambodian question it is first necessary to solve "two key problems of linkage;" that is, Vietnamese troop withdrawal must be linked to preventing a Khmer Rouge resumption of power, and the timetable for Vietnamese troop withdrawal must be linked to the timetable for stopping the provision of external military aid for Democratic Kampuchea's resistance forces. The true essence of these links advocated by the Vietnamese delegate lies in blurring the major issue of right and wrong-committing aggression and suffering aggression-and concocting the absurd theory that "aggression is justified." Vietnam's wishful thinking is, as before, that if these links are accepted, it can gain through the agency of others what it has been unable to gain on the battlefield, that is the maintenance of Vietnamese control over Cambodia, and the acknowledgement of Vietnamese a gression against Cambodia by the international community as a fait accompli. If the links are opposed, Vietnam can use this as an excuse for delaying its troop withdrawal and continue to hang on in Cambodia.

Vietnam thinks it is very smart in making use of the bad international impact of the errors committed by the "Khmer Rouge" during their 3 years in power to put forward these two "links" in a bid to exclude the "Khmer Rouge," but this has in fact exposed Vietnam's features in repeatedly sabotaging the principles of international relations. The "Khmer Rouge" issue is an internal Cambodian affair and can only be resolved by the Cambodian people themselves. Ten years ago, Vietnam was condemned around the world when it launched an armed invasion of Cambodia because of that issue. Today Vietnam is universally opposed for again refusing to withdraw its forces for the same reason. Apart from

that, it is increasingly evident that Vietnam opposes genuine "national reconciliation" with a four-party coalition; it exerts itself to embellish the dangers of a "Khmer Rouge" "resumption of power," with no other purpose than to achieve its plot of having the Heng Samrin faction alone holding power.

The Vietnamese delegate denounced the ASEAN draft resolution as creating confrontation. However, the refusal of the Vietnamese delegate to accept the resolution on the "Situation in Cambodia" has in fact shown that it is precisely Vietnam itself that is continuing to confront the international community and the trend of peaceful resolution of regional conflicts.

Detente is the main mood in the world today, and the replacement of confrontation by dialogue has become a trend. No hegemonism or regional hegemonism can succeed. Only by being sharply awoken from its errors by the head-on blow dealt by the UNGA resolution, and withdrawing all its forces from Cambodia as rapidly as possible, can Vietnam extricate itself from its difficulties at home and abroad.

DPRK Urges Summit With South on Reunification OW0511153788 Beijing XINHUA in English 0848 GMT 5 Nov 88

[Text] Vienna, November 4 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today called for a summit between DPRK and South Korea at a meeting here of the International Liaison Committee for Reunification and Peace of Korea.

The reunification of Korea is the wish of Korean people, DPRK delegation leader Son Song-pil said today at the reunification conference.

He said the DPRK is willing to hold a summit with the South Korean leader to discuss the possiblity of peaceful reunification and establishment of a Confederal Republic of Koryo.

He also called on the United States to withdraw all troops and arms from South Korea, describing them as a threat to security in the region.

More than 100 delegations from over 90 countries and regions attended the conference which ends Sunday [6 November].

'Commentary' Views Developing FRG-Soviet Ties HK0711024588 Beijing RENMIN RIBAO in Chinese 29 Oct 88 p 6

[Commentary by RENMIN RIBAO reporter Jiang Jianguo (3068 1696 0948): "A Thaw in Relations Between West Germany and the Soviet Union"]

[Text] Bonn, 28 Oct—Chancellor Kohl concluded his visit to the Soviet Union yesterday. Since Gorbachev assumed the office of CPSU general secretary 3 years

ago, this is the first official reception he has given a West German chancellor in the Kremlin. The leaders of the two countries held talks lasting 10 hours on European security, disarmament, relations between the East and West, and bilateral cooperation. They also signed a series of cooperative projects and seven cooperative agreements involving outer space joint research, nuclear utilization and technology, and protection against nuclear radiation. The West German defense minister visited the Soviet Union and had official contacts with the Soviet Army for the first time. Both Kohl and Gorbachev spoke highly of the visit. Both sides believe that a new chapter has been opened in relations between West Germany and the Soviet Union. Gorbachev said: "The solid ice is broken and I am optimistic about bilateral relations." Thus it can be seen that relations between West Germany and the Soviet Union, which had remained frozen over the years, are thawing with the current visit.

The favorable turn in relations between West Germany and the Soviet Union is by no means accidental. There are the following three reasons:

First, it is a natural outcome of the relaxation of the macroclimate (relations between East and West). As is known to all, the dispute over the intermediate-range missiles in Europe during the late 1970's and early 1980's was the focus of relations between West Germany and the Soviet Union at that time. West Germany insisted on implementing the dual resolution of NATO and deployed U.S. intermediate-range missiles as scheduled, constantly lowering the temperature of bilateral relations. Later, West Germany signed an agreement with the United States on participating in the "Star Wars" plan, which further a oused Soviet resentment. Hence, relations between the Soviet Union and West Germany remained cold. After the U.S.-Soviet summit held in Iceland, relations between the United States and the Soviet Union began to thaw. Following the agreement signed between the United States and the Soviet Union in 1987 on dismantling the intermediate-range missiles on both sides, West Germany announced the abandoning of Pershing I-A missiles, which removed the main obstacle to the development of bilateral relations. Relations between the two countries took a turn for the better following Genscher's visit to the Soviet Union in July 1986, Weizsaecker's visit to the Soviet Union in July 1987, and the Soviet foreign affairs minister's visit to West Germany in January 1988. As a result, Chancellor Kohl's current visit to the Soviet Union should naturally have been a success.

Second, readjustment of Gorbachev's diplomatic philosophy and West Germany's assessment of this readjustment. After Gorbachev assumed power he proposed "perestroika" focused on reform and opening up, reiterating the necessity of building a common "European mansion [ou zhou da xia 2962 1558 1129 0633]," which aroused the interest of West Germany. West Germany looks at its cooperation with the Soviet Union from the

strategic angle of its own safety, believing that there will be a greater guarantee of peace in Europe with closer cooperation between East and West Europe.

Third, objectively speaking the relations of interdependence between the Soviet Union and West Germany are subtle. Regarding the Soviet side, West Germany is the first technologically developed country to its west with sound financial strength. As Gorbachev attempts to revitalize the economy of the Soviet Union, it will be of practical significance to increase economic and technological cooperation with West Germany in an all-around way. Moreover, West Germany occupies an important position among the Soviet Union's trade partners in the West. Regarding West Germany, to develop its relations with East Germany and realize national reunification. It must take the attitude of the Soviet Union into account As a matter of fact, Brandt's 'ostpolitik' [doing shag zering ce 2639 2455 2398 4595] is still playing a role.

European security and economic and trade relations are the two main tasks of Kohl's current visit. West Germany is attempting to take advantage of the intermediate-range missiles settlement and the sincerity of the Soviet Union in disarmament, expressed time and again, to urge the Soviet Union to reduce its conventional weapons and short-range (under 500 km) nuclear weapons. In this regard, West Germany is representative of the consistent stand of the countries of Western Europe. The two sides have agreed to hold an international conference to discuss the balance of conventional weapons as quickly as possible.

Viewed from the current visit, cooperation in the economic, scientific, and technological fields is tending to increase. West Germany has decided to carry out space flights in cooperation with the Soviet Union and to build a high-temperature nuclear reactor for the Soviet Union. Leaders of West German economic circles who accompanied Kohl on the visit discussed the possibility of cooperation in various fields, including setting up joint ventures with Soviet economic circles. It is estimated that economic relations between the two countries will progress markedly in the years ahead.

Another topic of Kohl's visit to the Soviet Union, a special aspect of the relations between West Germany and the Soviet Union, is the question of West Berlin and East and West Germany left over from history. Following the "perestroika" proposed by Gorbachev, West Germany expects the Soviet Union to do something in this regard. As a first step, it wants the Soviet Union to bring West Berlin into the scope of bilateral relations. In view of the fact that West Berlin is already included in a number of bilateral exchange agreements, it is estimated that this will no longer be an obstacle to bilateral relations. Kohl and Gorbachev decided that the foreign ministers of both sides will work out a practical and long-term solution on the basis of the Berlin agreement reached by four countries. Kohl believes that the question of Germany, which remains unchanged, will not

hinder cooperation between the two sides. Undoubtedly, this is a realistic attitude. As a matter of fact, West Germany does not expect to attain astonishing achievements through a single visit to the Soviet Union or regard this as a prerequisite for developing bilateral relations.

It is noticeable that the Soviet Union has recently taken advantage of the United States preparing for presidential elections and having no time to attend to other things to vigorously carry out its West European diplomacy. Following Austrian Chancellor Vranitzky, Italian Prime Minister Mita, and West German Chancellor Kohl, French President Mitterrand will visit Moscow next month. In the coming year Gorbachev will visit West Germany, Gorbachev is trying to put his tentative idea of a "European Mansion from the Atlantic Ocean to the Urals" into practice step by step. Public opinion here is following with attention the reaction of the United States.

United States & Canada

Paper Claims U.S. Contradicts China Policy OW0511094388 Beijing XINHUA in English 0854 GMT 5 Nov 88

["U.S. Acting Contrary to Statement on China's Reurification"—XINHUA headline]

[Text] Beijing, November 5 (XI/NHUA)—The influential magazine "OUTLOOK" has charged that the United States Government appears to be pursuing a policy contradictory to its statement that it does not intend to interfere in the peaceful reunification of the Chinese mainland and the province of Taiwan.

According to a signed article in the latest OVERSEAS EDITION of the magazine, the U.S. Government has repeatedly stated that the Taiwan question is an internal affair of the Chinese people and should be settled peacefully by both parties.

The U.S. Government has also declared that it will not get involved in or obstruct China's peaceful unification, and will not apply pressure on Taiwan, said the article, written by Zhang Jingxu, an associate research fellow with the Taiwan Institute of the Chinese Academy of Social Sciences.

However, the United States has recently voiced open opposition to what it calls "excessive development" of mainland-Taiwan relations, saying that this is not necessarily good for Taiwan and will probably make Taiwan "depend more heavily on the mainland".

The Americans have repeatedly told the Taiwan authorities to "guard against the united front work of the Chinese Communist Party" concerning the relaxation of tension across the Taiwan Straits.

They have also warned against Taiwan suddenly "opening its door wide" to the mainland and have told Taiwan authorities not to negotiate with the mainland on the reunification issue, the article said.

Citing facts on the continuing growth of political, military and economic relations between the United States and Taiwan, the article accused the United States of expanding its already substantial relations with Taiwan in an attempt to raise obstacles to China's reunification.

The article's author accuses the U.S. of political interference by its meddling in the transfer of power within Taiwan's present government.

For example, after the death of Chiang Ching-kuo, the former top Kuomintang leader in Taiwan, the U.S. Government sent a personal letter from President Ronald Reagan to the Kuomintang Central Committee, recommending that Li Teng-hui be appointed as the setting chairman of the party.

In military relations, the United States has broadened the nature of its arms sales by adopting what it calls a "construction plan"—in which military technology is now transferred to Taiwan through channels normally associated with civilian commercial and technological cooperation.

The article described as "only symbolic" the U.S. promise to cut its arms sales by 20 million U.S. dollars a year.

"There has been no decrease in U.S. arms sales to Taiwan since the Reagan administration came into office eight years ago," the article noted.

Official U.S. arms sales to Taiwan have totalled six billion U.S. dollars, averaging 750 million U.S. dollars annually.

The article accused the U.S. of using its arms-dealing "merchants of death" to help Taiwan implement four "national defence" plans which will cost several billion U.S. dollars.

The writer goes on to point out that the U.S. is vigorously assisting the Taiwan economy with the aim of increasing Taiwan's dependence on the U.S. and economically siabilizing the new Taiwan regime.

The article ended by expressing the hope that the new U.S. administration, soon to be elected, will return to following the "one China" principle established by the Chinese and U.S. Governments.

Sino-U.S. Cultural Research Center Successful OW0511134888 Beijing XINHUA in English 0642 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—The Nanjing-Johns Hopkins Sino-U.S. Cultural Research Center has become a great success in Nanjing, capital of Jiangsu Province, the "GUANGMING DAILY" reported today.

To date, the center has trained 126 political science students, including 80 Chinese students and 46 Americans in its last two one-year courses.

Thirty-seven Chinese and 28 American students are now attending the center's third course.

The center, jointly begun by Nanjing University and Johns Hopkins Universty of Baltimore, Maryland, in September 1986, is designed to train qualified U.S. and Chinese political science teachers or researchers specializing in Sino-American affairs.

The center's teaching staff is made up of personel from both universities.

Most of the students enrolled at the center are postgraduates, and include among their number teachers, editors, and translators.

At the end of each course, 10 percent of the best Chinese students are sent to study in the United States and 10 percent of the best American students are sent to study in other universities in China, the paper added.

U.S. Rejects Faulty Latex Examination Gloves HK0711050188 Hong Kong HONGKONG STANDARD in English 7 Nov 88 p 1

(By Barry Grindrod)

[Text] United States authorities have impounded five million latex examination gloves produced by a Hong Kong-Chinese joint venture company because they were found to be riddled with holes despite quality checks by Chinese government inspectors.

The move has sparked a row between a Hong Kongbased businessman and his former joint-venture partner, the Chinese company that made the gloves.

The gloves, designed to protect doctors and nurses against AIDS and hepatitis B viruses, have added to concern among American medical and health-care workers worried about increasing contact with the deadly viruses.

The health department of the U.S. Food and Drug Administration, which impounded the gloves ordered by a Los Angeles medical products importer, is said to be considering banning all imports of latex or vinyl examination gloves from China.

Hong Kong-based businessman Mr Alan Sporn has broken his partnership with the Chinese firm and is now involved in a dispute over who is to blame.

"There is a lot of concern in the U.S. at the moment about substandard examination gloves," said Mr Sporn, managing director of Gulf and Western Marketing Ltd.

"I have been told on good authority that the U.S. is now considering banning all imports of gloves manufactured on the mainland and that accounts for over 50 million a month.

"It has cost my company \$27 million in lost sales. I stopped production immediately," Mr Sporn said.

"I have had enough. This was my first joint venture and my last."

Mr Sporn's company teamed up with the mainland company earlier this year and established a factory near Shanghai to work round the clock producing rubber gloves.

"At the time there was a shortage of latex in China, many factories had closed down," Mr Sporn said. "I arranged to get superior latex shipped in from Malaysia and flew in a technician from the UK to show them how to mix it."

He said he was in Shanghai to see the first gloves come off the line and they were perfect.

"Although the factory has the best quality control equipment, I insisted on an independent inspection by the Jiangsu Import and Export Commodity Inspection Bureau (JIECIB) before the goods were shipped.

"All the certificates sent to me confirmed the gloves were either first grade, second grade or 'in conformity with the requirement'. The small number of second grade gloves should have referred to minor blemishes, certainly not holes."

Documents obtained by the HONGKONG STAN-DARD showed seven million gloves inspected by the JIECIB between May and August were certified to be in conformity with requirement and in first grade quality, except 216,000 listed as second grade.

A spokesman for the inspection bureau in Jiangsu said checks had been carried out according to regulations.

"Of course our officers would not accept bribes to pass faulty goods," he said.

However, a buyer of three million gloves said 80 percent of the first shipment was useless.

When a later shipment of five million gloves, the first consignment of an order for 21 million pieces, arrived in the U.S., 60 percent were reported to be substandard and unusable.

Mr Sporn said country of origin labels requirement by law were missing in both cases.

He reported the shipment to the FDA, which carried out extensive tests at its laboratories in Connecticut where a representative of the Chinese Embassy was said to be present.

Mr Yi Guangchang, business development manager of Mr Sporn's Chinese partner, said the American businessman knew many of the gloves were defective but told him to ship them anyway.

"I did not want to ship them but Mr Sporn insisted and said he would take responsibility," Mr Yi said.

He said they bought gloves from other factories in China because there were not enough workers at the jointventure factory to meet the order.

Mr Sporn said gloves with holes should have been totally rejected by the inspection bureau.

"There is no way I am going to insist on sending them to customer. It's ludicrous," Mr Sporn said.

"The contract was for the exclusive use of our material by our own factory. By buying from elsewhere the contract has been broken. We suspected our superior latex had not been used."

Cultural Exchange Agreement Signed With Canada OW0411150888 Beijing XINHUA in English 0854 GMT 4 Nov 88

[Text] Beijing, November 4 (XINHUA)—Chinese Minister of Culture Wang Meng and Canadian Ambassador to China Earl G. Drake signed a memorandum of understanding on cultural exchange between the governments of China and Canada here today.

The 11-article memorandum is aimed at promoting and developing bilateral cooperation in fields of culture, academic exchanges and sports.

The two sides expressed the belief that such cooperation will help advance the mutual understanding and friend-ship between the two countries.

Soviet Union

Soviet October Revolution Anniversary Marked

Beijing Cocktail Party Held OW0411162088 Beijing XINHUA in English 1058 GMT 4 Nov 88

[Text] Beijing, November 4 (XINHUA)—The 71st anniversary of the October Socialist Revolution was marked here today at a film cocktail. [as received]

The party was held jointly by the Chinese People's Association for Friendship With Foreign Countries and the Sino-Soviet Friendship Association.

Yang Shouzheng, vice president of the Sino-Soviet Friendship Association, and Soviet Ambassador to China O. A. Troyanovsky made speeches at the cocktail.

Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries, was present on the occasion.

Beijing Soiree Marks Revolution OW0611023588 Beijing XINHUA in English 1457 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—The China Society of Soviet and East European Studies held an evening party here tonight to mark the 71st anniversary of the October Socialist Revolution.

Beijing artists offered Soviet and Chinese songs, including pieces from the traditional Beijing operas at the evening party.

Present on the occasion were Wu Xiuquan, president of the Sino-Soviet Friendship Association and president of the society, and Soviet ambassador to China O.A. Troyanovskiy.

Leaders Send Congratulations
OW0711085888 Beijing in Russian to the USSR
1900 GMT 6 Nov 88

[Text] On the occasion of the 71st anniversary of the Great October Socialist Revolution, PRC President Yang Shangkun, NPC Standing Committee Chairman Wan Li, and PRC Premier Li Peng sent a congratulatory telegram on 6 November to Comrade Mikhail Gorbachev, chairman of the USSR Presidium of the Supreme Soviet, and Comrade Nikolay Ryzhkov, chairman of the USSR Council of Ministers, which states: On behalf of the NPC Standing Committee, the PRC Government, and the Chinese people, we wish to convey to the USSR Presidium of the Supreme Soviet, the USSR Council of Ministers, and to all the Soviet people cordial congratulations in connection with the 71st anniversary of the Great October Socialist Revolution.

Thanks to the persistent efforts and endeavors during the past 71 years, the Soviet people have achieved huge successes in the cause of building their country. The Chinese people rejoice at this success and observe with understanding the restructuring and the multifaceted work which the Soviet people have started in recent years in the Soviet Union in order to achieve accelerated development of the country's economy.

The Chinese people have always entertained friendly feelings for the Soviet people. The establishment of normal relations—relations of the new type between the PRC and the USSR on the basis of the five principles of peaceful coexistence—is consistent with the fundamental interests of the two countries and peoples and would also facilitate peace and development in Asia and the world over.

In recent years Sino-Soviet relations experienced a definite improvement and development [opredelennyye uluchsheniye i razvitiye]. We sincerely hope that both sides will exert active efforts to speedily achieve normalization of Sino-Soviet relations. We wish the Soviet people new successes in socialist construction and in the cause of restructuring. We wish prosperity to the land of the soviets, and happiness to its people.

Northeast Asia

Hong Kong's Governor Wilson Ends Visit

Meets Premier Li Peng
OW0411171988 Beijing XINHUA in English
1518 GMT 4 Nov 88

[Text] Beijing, November 4 (XINHUA)—Chinese Premier Li Peng reiterated here today that Chinese Government hopes Hong Kong will maintain its prosperity and stability in the long term.

Li made the remark during his meeting with Governor of Hong Kong Sir David Wilson here this afternoon.

Both Li and Wilson expressed their satisfaction over Hong Kong's prosperity and stability since the signing of the Sino-British Joint Declaration four years ago.

They also said that both China and Britain should further strengthen their cooperation in this regard in the future.

Speaking of the economic relationship between Hong Kong and the mainland, Wilson said that the mainland now represents Hong Kong's biggest trading partner and largest investment area.

Li pointed out that the economies of Hong Kong and the mainland, including the coastal areas, have their respective advantages, adding that they should draw on each other's experience and increase their cooperation in this regard.

[Beijing XINHUA Domestic Service in Chinese at 1525 GMT on 4 November adds following paragraph: Li Peng told Wilson: "This is our first meeting today. Please come again."]

Present at the meeting were Vice-Foreign Minister Zhou Nan, Deputy Director of the Hong Kong and Macao Affairs Office under the State Council Li Hou and British Ambassador to China Alan Ewen Donald.

This morning, Vice-Minister of Foreign Economic Relations and Trade Shen Jueren held talks with Wilson.

Both were glad to see the increasingly closer economic ties between Hong Kong and the mainland.

They also exchanged views on further increasing bilateral trade and economic cooperation.

After the talks, Shen told reporters that the bilateral trade volume in 1987 reached 16.6 billion U.S. dollars, while the first nine months of this year saw a trade volume of nearly 10 billion U.S. dollars between the two sides.

'Common Approach' Adopted
HK0611041288 Hong Kong SUNDAY STANDARD
in English 6 Nov 88 p 1

[By S.Y. Wai in Beijing]

[Text] The governor, Sir David Wilson, said yesterday China and Britain had adopted a "common approach" to questions that must be resolved before 1997.

He specified selection of a chief executive for the new government and arrangements for a new legislature to be in place on July 1, 1997 as crucial issues.

Sir David was speaking to reporters at Beijing airport before leaving for Fujian after a three-day stay in the Chinese capital. He will return to Hong Kong tomorrow.

During his stay, Sir David met Premier Mr Li Peng and other top Chinese officials involved with Hong Kong affairs.

Describing the meetings as useful and productive, Sir David said discussions dealt with implementation of the Sino-British Joint Declaration, development of Sino-Hong Kong trade, drafting of the Basic Law and Beijing's crackdown on Chinese firms in Hong Kong.

Referring to the selection of a chief executive and arrangements for a post-1997 legislature, Sir David said:

"What I would say is that there is a common approach to these questions and that whatever is done has to take due account of the fact that sovereignty has been transferred to China and at the same time the arrangements must make sure that there is a smooth transition." He refused to elaborate, saying further discussion was needed and China was still working on the Basic Law.

Both Sir David and Premier Li Peng expressed satisfaction with the level of stability and prosperity the territory has maintained since the signing of the Joint Declaration four years ago.

Premier Li called for increased co-operation between the two. He said the economies of the two each have their advantages and should draw on one another's experience.

Sir David pointed out that the mainland was Hong Kong's biggest trading partner and largest investment area.

Sources in Hong Kong and Beijing confirmed earlier the Basic Law Drafting Committee would look into proposals for two elections in 1995 to ensure a smooth transition to the new government.

Under the proposals, one election would be conducted by the government for a legislature to sit until June 30, 1997.

A simultaneous vote overseen by a China-appointed committee would select a second legislature to be sworn in on July 1, 1977.

As the same voters and candidates would be involved both polls, the legislatures would likely prove identical.

Sir David said the Legislative Council would undergo further changes before 1997 to smooth the shift from one set of rulers to the other.

"How you join those two together is something which has to be worked out in detail and amongst other things has to be covered in the Basic Law," he said.

Asked if a group with members from both sides would be set up to prepare for the handover, Sir David said a variety of channels already exist and detailed arrangements would be covered by the Joint Liaison Group.

In Fujian, Sir David was pressed to join the province in an effort to develop its trade relations with Taiwan.

Fujian governor Mr Wang Zhaoguo, who met Sir David on his arrival from Beijing, said Fujian was strategically located for trade with both Taiwan and Hong Kong and suggested the three join to develop trade and economic cooperation.

"As the biggest trading partner of Fujian, Hong Kong can play a major role in the development of economic and trade co-operation between Fujian and Taiwan," the China News Service quoted Mr Wang as saying.

The agency said Sir David was interested in the suggestion.

It quoted him as saying Hong Kong wanted to be a bridge both between Fujian and Taiwan, and between Fujian and other southeastern Asian countries.

Leaves Beijing for Fujian
OW0511134488 Beijing XINHUA in English
0649 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—Hong Kong Governor Sir David Wilson and Lady Wilson concluded their three-day visit in Beijing and left here for east China's coastal province of Fujian this morning.

They are scheduled to tour Fuzhou and Xiamen as guests of provincial Governor Wang Zhaoguo.

Wilson told reporters at the airport that his visit, although short, was "useful" for it had given him an opportunity to maintain contacts with Chinese leaders and officials on Hong Kong affairs.

During the visit, he and Chinese officials discussed a wide range of subjects related to the implementation of the Sino-British Joint Declaration, aspects of Hong Kong's stable transition and other issues.

Guo Fengmin, director of the Hong Kong and Macao Affairs Office of the Chinese Foreign Ministry, who was at the airport to see Wilson off, described Wilson's visit as "very satisfactory."

"During the talks, the two sides agreed to increase cooperation so as to enable the situation in Hong Kong to continue developing in the direction favorable to both China and Britain as well as to the Hong Kong residents," he said.

British Ambassador to China Alan Ewen Donald was also present at the airport to see Hong Kong Governor and Lady Wilson off.

Talks With Governor Wang
HK0611042888 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 6 Nov 88 p 1

(By Seth Faison in Fuzhou)

[Text] The governor, Sir David Wilson, yesterday arrived in the capital of Fujian Province for talks with Governor Wang Zhaoguo on Hong Kong's growing trade and investment links with the southeastern province.

As the first governor to visit Fujian since before the Communists came to power in 1949, Sir David arrived with Lady Wilson on a morning flight from Beijing and was met at the airmort by Deputy Governor You Dexin.

Afternoon talks between the two governors centred in current economic conditions in Fujian—where trade topped HK\$14 billion last year—as well as on areas of potential cooperation with the territory.

Governor Wang, appearing in a smart, three-piece Western suit, welcomed Sir David by thanking him for the steady climb in Hong Kong's investment in Fujian.

"The governor was pointing out that Hong Kong is Fujian's biggest trading partner and its biggest investor," said Sir David after the meeting.

Governor Wang's career has been followed closely by China-watchers ever since he rocketed to a high position in Beiji g by personally impressing senior leader Deng Xiaoping on a tour of the factory where the younger cadre worked.

Early last year, he was sent down to Fujian in what analysts believed to be a test of his administrative ability before he could move back to a join in the central government.

In Fujian, which has benefited greatly from recent easing of tension along the Taiwan Straits. Where trade is now booming, Governor Wang is also eager to lure tourists from Hong Kong and Taiwan.

Local officials say tourism last year provided HK\$350 million in precious foreign exchange.

Sir David, who is scheduled to fly to Xiamen this afternoon, will visit a Hong Kong joint-venture and look at the special economic zone before returning to the territory at midday on Monday.

Before his early morning departure from the capital, the governor told reporters that the Beijing leg of his trip had included talks on how the transfer of sovereignty in 1997 will be carried out.

"There have to be arrangements for the selection of a chief executive because he has to take over his job on the first of July," Sir David said.

He did not deny that Hong Kong had made a specific proposal on the "through train" model, in which Legislative Council Members would serve straight through the transition period, saying only that the question had been discussed.

"There is a common approach to these questions (from the Chinese and British sides)," he added.

But he also said that the terms of service would be "absolutely clear cut," with a Legco [Legislative Council] under the present Hong Kong administration clearly demarcated from the Special Administrative Region legislature that will begin on July 1, 1997.

In addition to wanting a smooth transition, Sir David warned: "Whatever is done has to take due account of the fact that sovereignty is being transferred to the People's Republic of China."

Detailed arrangements for the transition, he said, would be covered by the Joint Liaison Group. [JLG]

"We want to make sure there is as little disruption as possible when it comes to the transfer of sovereignty," he said.

"How you join these things together is something that has to be worked out in detail and amongst other things be covered in the Basic Law."

In response to press enquiries, a government spokesman said yesterday the meeting between JLG British side leader, Mr Robin McLaren and the Chinese side leader, Mr Ke Zaishuo on November 9 would be a "routine" one.

The main purpose of the meeting was to enable the two senior representatives of the JLG to keep in touch with each other.

More on Fujian Talks
OW0711014188 Beijing XINHUA in English
1449 GMT 6 Nov 88

[Text] Fuzhou, November 6 (XINHUA)—Chen Guangyi, secretary of the Fujian Provincial Committee of the Chinese Communist Party, exchanged views with visiting Governor of Hong Kong Sir David Wilson on the expansion of economic relations between the east China province of Fujian and Hong Kong here today.

During his meeting with Wilson, Chen said his province abounds with natural and human resources, while Hong Kong has advantages in economy and technology. He expressed the hope that Hong Kong will help Fujian to sell its products on the world market.

Wilson, who is the first Hong Kong Governor to visit Fujian since the founding of New China in 1949, said that he had been deeply impressed by economic development in Fujian and would inform Hong Kong business circles about it. He suggested that economic ties between Hong Kong and Fujian be strengthened, and air traffic between them and exchanges of visits of their economic groups be increased.

Later, the Hong Kong governor flew to Xiamen in the company of You Dexin, vice governor of Fujian Province, to pay a visit to the Xiamen Special Economic Zone.

Returns to Hong Kong

HK0711053488 Hong Kong Domestic Service in English 0500 GMT 7 Nov 88

[Text] The governor, Sir David Wilson, has declined to reveal details of recent talks in Beijing on the transfer of sovereignty. Speaking this morning on his return from a 5-day visit, Sir David said both sides showed a common approach to the issue, but details could not yet be revealed.

Recent reports indicate the outline of a plan may have already been worked out between the two sides during the talks, but Sir David did not elaborate.

[Begin Wilson recording] For two reasons it's not easy to go into detail, and I'm sure you will understand. One reason is that in this sort of exchange, one cannot simply make public everything that's talked about. The second is, and very important, that in setting up the first SAR [Special Administrative Region] government, the Basic Law has to cover the provisions for that, and the Chinese are still in the process of drafting and redrafting the Basic Law, indeed they have meetings with special sub-groups later this month, so there is a great deal of work being done on their side on that. [end recording]

Visiting Officials of Japanese School Detained OW0511142388 Tokyo KYODO in English 1226 GMT 5 Nov 88

[Text] Shanghai, Nov. 5 KYODO—The Shanghai Lower People's Court has ordered a Japanese language school to repay tuition fees totaling about 27.5 million yen to Chinese applicants.

It was the first dispute between the two countries over Chinese students coming to Japan to study the Japanese language at their own expense.

Three officials of the Japanese school who were in China to explain about the dispute have been detained and their passports confiscated pending settlement of the trouble.

The Japanese Consulate General in Shanghai expressed serious concern over developments in the dispute.

The private Japanese school, Sakura Foreign Language Institute in Koshigaya, Saitama Prefecture, applied to the Justice Ministry for a license in late June and began accepting applicants in Shanghai.

Some 400 Chinese youths applied for admission and paid their tuition fees, including entrance and boarding expenses, averaging 40,000 to 200,000 yen per person.

The school was to obtain the license in September.

The Justice Ministry, however, withheld the license, and the Chinese applicants were unable to leave the country as the Japanese Government denied them visas.

Shanghai municipal public security and state foreign exchange control officials claimed the Japanese school violated rules of the Chinese Education Commission and the nation's foreign exchange control law by remitting to Japan money collected from the Chinese applicants.

The three Japanese school officials remained under detention as the institution failed to pay the sum ordered by the Shanghai court.

Mitsuo Takahashi, head of the school, said there apparently was a misunderstanding on the part of Chinese applicants. He said his school has not yet collected fees.

Takahashi said the trouble stemmed from an unexpected development in which the Justice Ministry procedure to grant the license has been delayed more than six months.

DPRK's Kim Yong-nam Continues Visit

Meets Li Peng
OW0411171088 Beijing XINHUA in English
1437 GMT 4 Nov 88

[Text] Beijing, November 4 (XINHUA)—Chinese Premier Li Peng stressed here today that China will, as always, firmly support the Democratic People's Republic of Korea (DPRK) in its cause for independence, peace and unity, and its efforts for easing the tension on the Korean peninsula. [Beijing RENMIN RIBAO in Chinese on 5 November carries in the bottom middle of page 1 a 200-character report which is identical to the XINHUA report except for the indicated changes. First paragraph, only sentence is changed: Chinese Premier Li Peng reiterated here today that ...]

[RENMIN RIBAO adds sentence: Premier Li reiterated this stand during a cordial meeting with Kim Yong-nam at the Ziguangge Pavilion of Zhongnanhai this afternoon.] Li Peng extended welcome to visiting DPRK Vice-Premier and Foreign Minister Kim Yong-nam who is here on an official goodwill visit to China, and asked Kim to convey his cordial regards to DPRK Premier Li Kun-mo.

Kim Yong-nam also conveyed the regards of Li Kun-mo to Li Peng and invited the Chinese premier to visit DPRK again. Li Peng accepted the invitation with pleasure.

During the meeting, Kim Yong-nam expounded his views on the situation on the Korean peninsula.

Present on the occasion was Chinese Foreign Minister Qian Qichen. [RENMIN RIBAO deletes previous sentence.] Meets Zhao Ziyang
OW0511152888 Beijing XINHUA in English
1259 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee, met here this afternoon with visiting Vice Premier and Foreign Minister of the Democratic People's Republic of Korea (DPRK) Kim Yong-nam.

Kim Yong-nam conveyed the cordial regards of the DPRK leaders Kim Il-song and Kim Jong-il to the Chinese leader, who also asked the DPRK vice premier to convey his cordial regards to the two DPRK leaders.

Zhao reiterated at the meeting that China will as always support DPRK in its struggle for independence, peace and unity, and it will continue to work for easing the tension on the Korean peninsula.

Feted by Wu Xueqian
OW0611135088 Beijing XINHUA in English
1105 GMT 6 Nov 88

[Text] Beijing, November 6 (XINHUA)—Chinese Vice Premier Wu Xueqian met with Kim Yong-nam, vice premier and foreign minister of the Democratic People's Republic of Korea (DPRK), and his party at the Diaoyutai Guesthouse here this evening.

Wu gave a banquet in honor of the Korean visitors after the meeting.

Kim Yong-nam is scheduled to leave here for home tomorrow.

Paper on Handling Relations With S. Korea HK0511032288 Hong Kong TA KUNG PAO in Chinese 5 Nov 88 p 2

["Political Talk" column by Shi Chun-yu (2457 0689 3668): "China Scrupulously Observes Separation of Politics and Economics in Dealing With South Korea"]

[Text] At a Sino-Japanese economic symposium convened in Beijing, the Japanese side asked how China is to handle its relations with South Korea, and China's answer was: "China welcomes South Korean entrepreneurs investing in China." This shows Beijing's multidirectional opening policy, which is flexible as well as active, without any discrimination against South Korea.

It was Chu Baotai, deputy director of foreign trade administration under the Ministry of Foreign Economic Relations and Trade, a middle-ranking cadre, who answered the question; however, it could have somewhat expressed the official view. He stressed that China observes the separation of government and nongovernment and the separation of politics and economics in

developing economic ties with South Korea. At present, the practice is limited to developing ties between nonofficial enterprises of the two sides.

The reality is precisely like that. At present, the ties between China and South Korea are strictly within the bounds of nonofficial channels. The joint ventures with Chinese investment and investment by South Korean businessmen under preparation in the Shenzhen Special Economic Zone and Qingdao, Shandong fall into the category of nonofficial investments. It is said that South Korea's "Three Stars [san xing 0005 2502] enterprise group" has set up its branch office at a certain hotel in Beijing.

Such business used to be carried out chiefly through the entrepot trade of Japan or Hong Kong; from now on, it will continue to expand based on actual need. In addition, Chu Baotai stated: As the two sides need to develop their economic and trade operations, it is only natural for them to set up trade organs on the other side, depending on the development of the scope of trade and investment. Earlier, a senior official of China's State Council had said that direct trade will be conducted between China and South Korea should the situation continue to develop as it has thus far. The possibility of economic ties over a still wider range is on the horizon.

Based on statistics published by Seoul's Economic Planning Board in September this year, the 1987 volume of indirect trade between South Korea and China was in the neighborhood of \$1.5 billion, with a surplus of \$140 million. Its exports to China were mainly iron and steel, the rest being electrical appliances. Its imports from the PRC were mainly synthetic fibers, coal, raw cotton, and linen. Viewing the goods the two sides needed, trade between them was precisely based on the principle of each supplying and supplementing what the other needs.

Geographically, South Korea faces China's Shandong Peninsula. Raw coal and oil produced in northeast China can be exported from Qinhuangdao, Tanggu, or Qingdao. South Korea's ports, such as Pusan and Inchon, as well as Mokpo, the development of which is planned, may be opened to direct navigation to Shanghai in East China and Dalian in North China.

It was under this situation that the first nonofficial South Korean tourist group came to the PRC via Hong Kong on 2 November, making a 2-week tour of six major cities, including Beijing. According to a NIHON KEIZAI SHIMBUN report on 3 November, more than 10 travel agencies in South Korea have proposed to China Travel Service jointly running tours in China. This is because South Korea will implement a liberalized policy on foreign travel beginning 1989, while most South Koreans have said that their first choice for traveling abroad would be mainland China when the policy became effective.

Japan has always shown great concern for the extent of development of economic relations between China and South Korea. Needless to say, it is out of maintaining China's friendly relations with North Korea that China has scrupulously observed the separation of politics and economics and "nonofficial channels." Today, the world situation is undergoing change, with peace, harmony, and dialogue taking the place of hostility, splitting, and antagonism. In the development of economic ties on the basis of equality and mutual benefit as well as nonofficial channels, China will establish ties with various nations over a still wider range from now on.

Trade With Mongolin To Increase 6 Percent OW0511133588 Beijing XINHUA in English 0720 GMT 5 Nov 88

[Text] Ulaanbaator, November 4 (XINHUA)—Trade between China and Mongolia is set to increase 6 percent next year, according to a Sino-Mongol protocol of mutual supply of goods and payments that was signed here today.

The rade protocol calls for China to exchange textiles, machinery, fruit and light industrial products for Mongolian planks and furs.

Southeast Asia & Pacific

Prince Sihanouk-Hun Sen Paris Talks Delayed OW0511121288 Beijing XINHUA in English 0216 GMT 5 Nov 88

[Text] Paris, November 4 (XINHUA)—Third round of talks between Samdech Norodom Sihanouk and Hun Sen, premier of the Phnom Penh regime, will be post-poned for two days, according to a spokesman for Sihanouk this evening.

Sihanouk and Hun Sen were scheduled to meet for three days beginning Saturday afternoon in Paris and the delay was said to be caused by a disagreement on a meeting site.

The meeting will be held in Fere-en-Tardenois north of Paris.

Sinanouk had hoped to hold the talks in the former Kampuchean Embassy in Paris where he is living. Hun Sen preferred to meet in Paris' Hotel Crillon, where he has stayed since his arrival on Thursday [3 November].

Fere-en-Tardenois was the site of last December's first round of talks between Sihanouk and Hun Sen.

The spokesman did not rule out the possibility of additional changes in the time and place for the talks.

Coalition Envoy To Attend OW0611033088 Beijing XINHUA in English 0237 GMT 6 Nov 88

[Text] Paris, November 5 (XINHUA)—A representative of Khicu Samphan, vice-president of the Coalition Government of Democratic Kampuchea, will attend the talks between Samdech Norodom Sihanouk and Hun Sen of the Phnom Penh regime.

Ambassador Ok Sakun, permanant representative to the United Nations Educational, Scientific and Cultural Organiza...on, will participate in the three-day talks in Fere-en-Tardenois, north of Paris.

Son Sann, prime minister of the coalition government, arrived here this morning to attend the talks, which were delayed by a disagreement over a meeting site and are rescheduled for November 7.

The participation of Khieu Samphan's representive was confirmed by Prince Sihanouk's office here.

SRV Leader Urges Reforms, Cambodia Solution OW0411152188 Beijing XINHUA in English 0816 GMT 4 Nov 88

[Text] Hanoi, November 4 (XINHUA)—Vietnamese leader Do Muoi called today for reforms and for a solution to the Kampuchean issue.

Do, chairman of the Council of Ministers, told the third national congress of the Vietnam Fatherland Front that the Vietnamese economy is in a difficult position and urgently needs reform.

"Food is the number one issue," Do said, adding that "state revenue does not balance expenditure and the gross export value is only one third of the import value."

The country is heavily in debt and the monthly salaries of government workers can only support them for ten or fifteen days, according to the council chairman.

Do said that the government welcomed criticism from the people. The Kampuchean issue should be resolved to provide Vietnam with a peaceful environment, he added.

General Secretary Nguven Van Linh also spoke to the 580 representatives in attendance today.

Thai Official Speaks on Li Peng Visit BK0511123088 Beijing International Service in Thai 1330 GMT 1 Nov 88

[Text] On the occasion of Chinese Premier Li Peng's 10-14 November visit to Thailand at the inviation of the Thai Government, Radio Beijing's Bangkok-based correspondent Zhou Sheng recently interviewed Thai Deputy Prime Minister His Excellency Phichai Rattakun on Chinese Premier Li Peng's forthcoming visit to Thailand. Asked his opinion on Premier Li Peng's visit to Thailand as part of his first overseas trip since taking up the position of the premier and its effect on the friend-ship between the Chinese and Thai peoples, Deputy Prime Minister Phichai Rattakun said: [Begin Phichai recording] Relations between Thailand and China have existed for millennia and the two countries established diplomatic relations on 1 July 1975. Since then, relations have improved day by day. In the past, former Premier Zhao Ziyang had visited Thailand. Now Premier Li Peng will begin an overseas trip, and Thailand is his first stop—showing the importance of strengthening relations between the two countries. The fact that this is Premier Li Peng's first overseas trip after taking up the position of the premier and Thailand is his first stop proves the importance of relations between the two countries.

The Thai people attach importance to his visit. The Thai Government and the Thai people are very happy about the visit. I feel honored to be assigned as chairman of the committee preparing for the visit. When I visited China several years ago, he was the host. So, we also have personal relations. [end recording]

Regarding Sino-Thai political and diplomatic cooperation, Deputy Prime Minister Phichai Rattakun said:

[Begin Phichai recording] As I said, relations between Thailand and China have existed for millennia and we established diplomatic relations on 1 July 1975. I believe that relations and cooperation in the political, economic, and trade fields as well as exchanges of visits among leaders and peoples between Thailand and China are as active as those between any two countries. No country in the world can establish such mutual understanding, affection, and cooperation as that between China and Thailand. This is a very good example showing that if two countries are sincere and determined, they can improve their bilateral relations. Although there are social and ideological differences between the two countries, we can coexist peacefully. In addition, Thailand and China have been helping each other. [end recording]

Regarding the future of economic and trade cooperation between China and Thailand, Deputy Prime Minister Phichai Rattakun said:

[Begin Phichai recording] His Excellency Deng Xiaoping initiated the four modernizations policy, improving China's economy. The economic foundations of the two countries are similar—both are agricultural countries. In the past, we have competed against each other on some occasions, which is not beneficial to either side. However, now that we have established such good relations, we have discussed ways to avoid competition in the agricultural field. This is good cooperation. Since we have similar economic foundations, it is necessary for us to cooperate in the political, economic, and trade fields; especially in finding ways and measures to fight against the trade protectionism of developed countries. China

and Thailand belong to the Third World. Thailand is a developing country. I believe that if we cooperate as we are both agricultural countries, we will be able to overcome the protectionism of the developing countries. [end recording]

Asked his opinion on the effect of Premier Li Peng's visit to Thailand on Sino-Thai cooperation on solving the Cambodian problem and regional peace, Deputy Prime Minister Phichai Rattakun said:

[Begin Phichai recording] The Cambodian problem has lasted for over 10 year since Vietnam sent its troops into Cambodia in late 1978. China, Thailand, and ASEAN share identical policies that Vietnam's military occupation of Cambodia is unacceptable and wrong, and must be resolved. The Cambodian problems must be settled through political means so that the Cambodian people can exercise self-determination. Third countries are not in a position to interfere. The cooperation between China, Thailand, and ASEAN is very beneficial because China also upholds a policy of noninterference in other's internal affairs, especially regarding the Cambodia issue. I think that the cooperation between Thailand, China, and ASEAN has caused Vietnam to realize that stubbornly maintaining its forces in Cambodia will not benefit it. Vietnam's economy is in a very poor position. Previously, China extended assistance to Vietnam. When Vietnam was fighting the Americans, China provided more assistance to Vietnam than the Soviet Union. But, China con, dered Vietnam's occupation of Cambodia a mistake. Therefore, China agrees with Thailand's policy, and Vietnam has come to appreciate its economic problems. When Vietnam withdraws its troops from Cambodia, China, Thailand, ASEAN, and other countries will extend assistance to Vietnam. But, as long as Vietnam maintains its troops in Cambodia, it cannot expect other countries to provide economic cooperation. The policies of China, ASEAN, and Thailand on the Cambodian issue are identical, [end recording]

Indonesian Industrial Delegation Visits Fujian OW0411153188 Fuzhou Fujian Provincial Service in Mandarin 1100 GMT 27 Oct 88

[Text] An Indonesian industrial and commercial delegation will leave Fuzhou for home tomorrow after winding up its 4-day visit in the city.

After visiting Shenzhen and Guangzhou at the invitation of Minister of Commerce Hu Ping, this high-level Indonesian industrial and commercial delegation arrived in Fuzhou on 25 October.

Governor Wang Zhaoguo, Vice Governor You Dexin, and responsible persons of the related provincial departments met with the delegation.

While in Fuzhou, the delegation visited the Furi Television Set Company, the Lanji Company, and the Fuzhou Economic Construction and Development Zone and held talks with the provincial commerce, industry, and foreign trade departments on trade and on economic and technical cooperation.

Near East and South Asia

Upcoming Visit by Indian Prime Minister Viewed

Government on 'Concessions' HK0511004088 Hong Kong SOUTH CHINA MORNING POST in English 5 Nov 88 p 1

(By David Chen)

[Text] China, which was involved in a border war with India in 1962 over territorial disputes, is prepared to make "significant concessions" to India during next month's visit to Beijing by Indian Prime Minister Rajiv Gandhi.

Informed sources declined to spell out the nature of the "concessions" but it is believed they could be related to the border issue, the one major stumbling block in the normalisation of relations between the two countries.

Mr Gandhi is expected to be in the Chinese capital on December 19.

Although the final itinerary has yet to be worked out during the second trip by the Indian Foreign Secretary, Mr K.S. Menon, later this month, it is believed Mr Gandhi will meet his Chinese counterpart, Mr Li Peng, as well as top leader Deng Xiaoping.

Mr Deng is the sole surviving member of the top leadership from the border conflict 26 years ago.

It has not yet been decided when party General-Secretary Zhao Ziyang will meet him.

The Indian Prime Minister will also be travelling to cities other than Beijing.

While Xian has been agreed on, the Indian side also hopes Mr Gandhi may visit Lhasa, the regional capital of Tibet.

However, the Chinese have yet to respond to the Indian expectations.

Much preparatory work remains to be done before Mr Gandhi, the grandson of India's first Prime Minister, Jawarhalal Nehru, flies to Beijing to meet Mr Li, the foster-son of the People's Republic's first Prime Minister Chou Enlai.

But the broad outline may have been worked out.

The two sides will discuss exchanges in trade, culture and technology.

They will also sign an air pact providing links between Beijing and New Delhi.

Indian Party on Relations

OW0611014588 Beijing XINHUA in English 1623 GMT 5 Nov 88

[Text] New Delhi, November 5 (XINHUA)—India's ruling Congress (I) Party today expressed the hope that the proposed visit of Prime Minister Rajiv Gandhi to China will give impetus to strengthening relations with China.

A resolution on international affairs adopted at the meeting of the All India Congress Committee (AICC) said the party "hopes that the visit will set in motion a dynamic process of revitalization of relations between the two countries apart from giving an impetus to cooperation in various functional areas even if the settlement of the complex question of boundary may take time."

The AICC urged the government to renew its efforts for such a settlement acceptable to the peoples of both countries which would be in their mutual interest and mutual benefit.

"It is in the interest of both countries to resolve this question through peaceful negotiations and in the meantime to prevent tension on the border," the resolution said.

Ambassador Discusses Ties OW0511224488 Beijing XINHUA in English 1614 GMT 5 Nov 88

[Text] New Delhi, November 5 (XINHUA)—Indian Prime Minister Rajiv Gandhi's forthcoming visit to China will be a major event in the Sino - Indian relations, a harbinger of new stage of development of the relationship, said Chinese Ambassador to India Tu Guowei.

Addressing the Netaji Institute for Asian Studies in Calcutta last night, he pointed out that bilateral relations between the two countries have been kept improving, thanks to the joint efforts of the two governments and peoples.

"So many important delegations have been exchanged this year, a thing which never happened in the last two decades. We are particularly happy that Prime Minister Rajiv Gandhi has announced his planned visit to China in December. In fact, a written invitation was sent to Delhi, in which Chinese Premier Li Peng invited Prime Minister Rajiv Gandhi to pay an official visit to China," he said.

The ambassador stressed that China sincerely wishes to establish such relationship with India as long-term friendship, mutual trust, close cooperation and common progress on the basis of the five principles of peaceful coexistence, known in India as "panchshila."

China genuinely wishes to see an early solution to the boundary issue, so that the Sino - Indian border could become one of peace and amity, he said, adding that a fair and reasonable solution can be found to the boundary issue through friendly consultations, so long as the two sides act in the spirit of mutual understanding and mutual accommodation.

"Pending the settlement of the border problem, both sides should try their level best to ensure stability and tranquility along the border. While working on a solution to the border disputes, both sides should take positive steps to strengthen bilateral ties in other fields," he added.

Tu Guowei stressed that there is every reason for China and India to be friends, but no reason for them to remain antagonistic to each other.

Nepalese Defense Spokesman Cited on Chinese Arms OW0511194488 Beijing XINHUA in English 1506 GMT 4 Nov 88

[Text] Kathmandu, November 4 (XINHUA)—A Nepalese Defence Ministry spokesman said here this afternoon that Nepal has her right to decide from where to buy her defence needs, as long as such procurement does not pose any threat to any country.

The spokesman made the remarks when asked to comment on recent news reports in a section of Indian newspapers about Nepalese purchase of arms from China.

He said, "these weapons are strictly defensive and in no way do they pose any threat to any country in the region."

The procurement is part of Nepal's basic needs in the field of security before [the year—FBIS] 2000. Security is one of the components among food, cloth, shelter, education, health and security, he stressed.

He added that Nepal has made similar requests for arms from India also.

He noted, "independent Nepal has always maintained a standing army, and the Royal Nepal Army needs to be equipped with the minimum amount of modern equipment. We cannot keep our Army in the age of bows and arrows or muskets and catapults."

He said, "as a sovereign independent country, Nepal strongly feels about her right to decide from where to buy her defence needs, as long as such procurement does not pose any threat to any country, why should anyone take exception to it?"

He also said that Nepal - India relations have further deepened as the understanding between King Birendra of Nepal and Prime Minister of India Rajiv Gandhi has further increased following the recent visit by the king to India as well as other capitals of the member countries of the South Asian Association for Regional Cooperation.

He pointed out that despite these facts, Indian newspapers have published articles, news and reports with the aim of fermenting misunderstanding in Nepal - India ties.

He said, this shows that some elements in India do not want the development of good relations between India and Nepal. These elements are raising questions to create ill feeling, he added.

NPC Vice Chairman Meets Moroccan Delegation OW0511191388 Beijing XINHUA in English 0839 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—Seypidin Aizezi, vice chairman of the Standing Committee of the National People's Congress, met here today with Abdelkebir Alaoui M'dahgri, minister of Religious Endowments and Islamic Affairs of Morocco, and his party.

The Moroccan visitors arrived here yesterday on a visit to China at the invitation of the Bureau of Religious Affairs of the State Council.

West Europe

Portuguese Minister Lauds Declaration on Macao OW0511061888 Beijing XINHUA in English 0259 GMT 5 Nov 88

[Text] Lisbon, November 4 (XINHUA)—Portuguese Foreign Minister Joao de Deus Rogado Salvador Pinheiro said today the Sino - Portuguese Joint Declaration on Macao has set a good example for international relations.

At a luncheon held by the Sino - Portuguese Cultural Exchange Center, the minister said the declaration has improved Portugal's relations with China. The agreement, which was signed last year in Beijing, will return the sovereignty of Macao to China in 1999.

The minister also said the Cultural Center's economic and cultural exchanges are an important aspect of modern diplomacy and should be encouraged.

PLA Chief Meets Por tuguese General OW0611152388 Beijing XINHUA in English 1259 GMT 6 Nov 88

[Text] Beijing, November 6 (XINHUA)—Chi Haotian, chief of general staff of the Chinese People's Liberation Army (PLA), met with General Lemos Ferreira of Portuguese Armed Forces and his party and gave a banquet in their honor here tonight.

Addressing the banquet, Chi said that China and Portugal are far apart and have different social systems. However, the friendly exchanges between the two peoples have kept growing since the two countries established diplomatic relations in 1979. Particularly the satisfactory solution of the Macao issue has enabled bilateral relations to enter a new stage.

He pointed out that the friendly contacts between the leaders of their armed forces conforms with the fundamental interests of the two peoples and is conducive to the maintenance of world peace.

In his speech, Ferreira expressed the conviction that his current visit will enhance the relations and friendship between the two armies, and he hoped that China will send a military delegation to visit Portugal.

This morning, Chi held a welcoming ceremony here in honor of the Portuguese officers.

The Portuguese visitors, who arrived here Saturday, are expected to travel to Xian, Shanghai and Guangzhou before leaving China September 13.

Jiang Zemin Meets Hamburg State Delegation OW0711033288 Shanghai City Service in Mandarin 2300 GMT 1 Nov 88

[By station reporter Yao Shuchun]

[Text] Jiang Zemin, secretary of the Shanghai Municipal CPC Committee, yesterday afternoon meet with the Hamburg State Assembly Delegation of the Federal Republic of Germany, led by Speaker (Ehrfuchen), at the VIP Room of the Municipal Foreign Affairs Office. Jiang Zemin extended his warmest welcome to the distinguished guests from Hamburg State. The host and guests carried out cordial talks, reviewed the gratifying achievements since the establishment of friendly city status between Shanghai and Hamburg, and sincerely wished that cooperation and exchange between the two cities will develop further.

Yesterday the Hamburg State Assembly Delegation, led by Speaker (Ehrfuchen), visited the New China Machinery Plant in Shanghai. In the afternoon the delegation left Shanghai for Hangzhou by train to continue their visit. Ye Gongqi, chairman of the standing committee of the municipal people's congress went to the station to bid the visitors farewell. Inner Mongolia's Wang Qun Meets FRG Expert SK0511110388 Hohhot NEIMENGGU RIBAO in Chinese 17 Oct 88 p 1

[Text] On the evening of 16 C-tober, Wang Qun, secretary of the autonomous regional party committee, and Bu He, chairman of the autonomous regional government, met with and feted an FRG expert, Mr (Werner Gleisch), and his wife to welcome the positive assistance provided by Mr (Gleisch) for Inner Mongolia's four modernizations.

Mr (Gleisch) was employed as director of the Wuhan Diesel Engine Plant from 1 November 1984 to 4 November 1986. He conscientiously exercised his authority concerning enterprise management granted by the government of our country, fulfilled his responsibility, carried out reform bravely, had courage in practice, and fully relied on the concerted efforts of the staff members and workers of the entire plant to change the plant's backward management and low quality to a considerable extent. Mr (Gleisch's) experiences in strictly running a plant were universally praised by the enterprise circles of our country. This became a typical case in which good results were achieved from the policy of bringing in intellectual resources from abroad. Zhao Ziyang, Yao Yilin, and other party and state leaders spoke highly of the work he performed at the Wuhan Diesel Engine Plant. Mr (Gleisch) came to our region on 15 October at the invitation of Secretary Wang Qun. On 16 October, he visited the Hohhot City Television Plant and other enterprises and offered valuable opinions for improving the plant's management.

Wang Qun and Bu He extended a warm welcome to Mr (Gleisch) for his visit to Inner Mongolia. Comrade Wang Qun said that Mr (Gleisch) was an old friend of the region. (Gleisch) said: I am advanced in years. There are many specialized personnel of my age in West Germany, and they wish to come to China to help in construction. Comrade Wang Qun said happily: We wish that more people would come to help us in construction. (Gleisch) said: I welcome you to visit Germany.

(Wang Qun said: We are eager to hear Mr (Gleisch's) opinions on ways to accelerate the domestic production of the Benz car produced cooperatively with West Germany. The guest frankly talked about his ideas and suggestions.

Wang Qun said: We have an Inner Mongolia First Machinery Plant, which is a very large-scale plant. Staff members and workers of this plant are of fairly good quality, but their ability has not been fully developed. We wish that Mr (Gleisch) would visit it. Mr (Gleisch) happily agreed.

Present at the reception were Liu Zuohui, vice chairman of the autonomous regional government; Bai Yun, director of the autonomous regional foreign affairs office; Li Tiesheng, deputy director of the autonomous regional economic commission; and Liu Zuemin, vice mayor of Hohhot City.

EEC Helps in Penetration of European Markets HK0511081088 Beijing CHINA DAILY in English 5 Nov 88 p 2

[Text] The European Economic Community (EEC) is helping China's penetration of the European markets in tea, carpets, down products and mink furs.

European professors and specialists in this type of trade will offer a number of seminars at the China International Centre of Economic and Technical Exchange in Beijing

The effort has been organized by the EEC in co-operation with the Chinese Ministry of Foreign Economic Relations and Trade (Mofert).

More than 40 general foreign trade practitioners will attend the first three-week class, which begins on Monday. It will be followed by a one-week class for about 20 managerial personnel starting on November 28.

East Europe

Li Peng Submits CSSR Consular Treaty Motion OW0411190488 Beijing XINHUA Domestic Service in Chinese 1629 GMT 2 Nov 88

[Text] Beijing. 2 Nov (XINHUA)—State Council Premier Li Peng today submitted to the fourth meeting of the Seventh NPC Committee a State Council motion requesting the deliberation of a "consular treaty between the PRC and the CSSR."

The motion says: China and Czechoslovakia signed a consular treaty in Prague on 7 May 1960. Because of the circumstances at that time, only a few of the treaty's articles have become incommensurate with the development of relations between the two countries. However, both sides deemed it necessary to sign a new consular treaty. Based on the draft drawn by each country, a new treaty with more concrete substance has been reached after friendly negotiations. The State Council holds that the provisions of the new treaty conform with China's existing laws and statutes as well as international norms, and are in keeping with the practical situations in China and Czechoslovakia. The new treaty will further enhance consular relations and promote economic, trade, scientific and technological, and cultural exchanges between the two countries.

On behalf of the State Council, Vice Foreign Minister Zhu Qizhen explained the process of negotiations and the treaty's main points.

He said: There are 54 articles in the new China - Czechoslovakia consular treaty, 32 more than the previous one. The new articles primarily cover the protection of citizens rights in the other country, assistance to the consulate in dealing with its citizens in the other country and other affairs, and the prerogative and diplomatic

immunity of consulates and diplomats. The treaty has been drafted in light of realities in consular affairs since China implemented the reform and open policy, as well as the trend of diplomatic prerogative and immunity over the past 2 decades or so since the signing of the "Vienna Convention on Consular Relations," and following lengthy revision of the provisions in the previous treaty. The treaty will grant consular officials ample rights to smoothly execute their duties.

Bulgarian Procurator General, Delegation Visit

Meet Security Minister
OW0611023788 Beijing XINHUA in English
1207 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—Chinese Minister of Public Security Wang Fang met with a delegation from the Bulgarian Office of Procurator led by Procurator-General Vasil Maruchkov here this afternoon.

During an one-hour meeting, they discussed relations between the procuratorate and public security departments.

Meet Qiao Shi

OW0511151788 Beijing XINHUA in English 1240 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—Qiao Shi, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met here this afternoon with a delegation from the Bulgarian Office of Procurator led by Procurator General Vasil Maruchkov.

Qiao told the Bulgarian officials that Chinese judicial and law enforcement departments are shouldering an increasingly heavy task, as the country is invigorating the economy and opening to the outside world.

"We are making efforts to change the way in which China used to handle cases behind closed doors, Qiao said, as he briefed the visitors on the reform of China's legal system.

"We are striving for more openness, better public supervision and sounder legislation, particularly economic legislation, so as to meet the demands of the country's reforms and opening to the rest of the world," Qiao added.

Vasil Maruchkov said he and his colleagues have been impressed by China's achievements in restoring and building up its procuratorial system in the past decade.

Maruchkov added they were "particularly impressed by the newly instituted crime reporting centers hotlines" for citizens to expose corruption. "This is meant to strengthen the ties between the government and people, thus enhancing democracy and improving the legal system," Qiao explained.

Qiao expressed the hope that Chinese and Bulgarian judicial and law enforcement departments would have more exchanges.

The Bulgarian officials have visited judicial departments in Beijing and three southern Chinese cities during their one - week tour of China, and they are scheduled to leave for home tomorrow.

Latin America & Caribbean

Uruguayan President Continues Official Visit

Visits Beijing Suburbs
OW0411192088 Beijing XINHUA in English
1255 GMT 4 Nov 88

[Text] Beijing. November 4 (XINHUA)—President of the Oriental Republic of Uruguay Julio Maria Sanguinetti and his entourage visited the Sijiqing Township in the western suburbs of Beijing here this afternoon.

He was accompanied by Cui Naifu, minister of civil affairs and chairman of the Chinese Government reception committee.

The Sijiqing (Evergreen) Township has 2,400 hectares of farmland which are devoted to the production of vegetables, grain and fruit. It supplies a variety of products such as fresh vegetables, pork, force-fed ducks, eggs and milk to the city proper all year round.

After listening to the introduction by township Governor Li Wenyuan, President Sanguinetti visited a vegetable greenhouse, two farmers' families, a kindergarten, a home of respect for the aged and a factory manufacturing export garments.

The Uruguayan guests arrived here this morning by special plane. This is the first visit of an Uruguayan president to China since the two countries established diplomatic relations in February this year.

Meets Yang Shangkun
OW0511105388 Beijing XINHUA in English
0927 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—Chinese President Yang Shangkun met here today with President Julio Maria Sanguinetti of Uruguay. Both leaders stressed the importance of the development of cooperation between the two countries.

Yang extended his warm welcome to Sanguinetti, the first president of Uruguay to visit China. The two countries established diplomatic relations last February.

Although the two countries are far apart and have only recently established diplomatic ties, Yang said, they have already conducted a number of friendly exchanges.

Yang added that the current visit by President Sanguinetti will open a new historical chapter in bilateral relations.

Yang also said China attaches great importance to its ties with Uruguay and other Latin American countries and believes they will make even greater contributions to the peace and development of the world.

The Uruguayan president said cooperation between Uruguay and China has made remarkable headway in only a brief period of time. Uruguay pays great attention to its friendly relations with China and to China's role in maintaining world peace and promoting economic development, he added.

Expressing his satisfaction with Uruguay's establishment of diplomatic relations with China, Sanguinetti said his country is willing to work for the furthering of such relations in order to make its ties with China even more fruitful.

Describing China's current reforms as an event of great importance and universal significance to the century, Sanguinetti said Uruguay is concerned about the changes taking place in China and added that China's experience with regard to reforms has aroused worldwide interest.

Yang congratulated Sanguinetti on Uruguay's great achievements in strengthening democracy and developing its economy since he took office.

Yang Shangkun also praised the positive results of the second summit of eight Latin American countries, held recently in Uruguay's capital.

Prior to the meeting, the Chinese president gave Sanguinetti and his entourage a grand welcoming ceremony at the plaza outside the eastern gate of the Great Hall of the People.

Talks With Li Peng

OW0611045088 Beijing XINHUA Domestic Service in Chinese 1243 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—Chinese Premier Li Peng held talks with visiting Uruguayan President Julio Maria Sanguinetti on bilateral relations and international issues of common concern at the Great Hall of the People here today.

Li briefed the guests on China's foreign policy and its stand on major international issues. Li said that China needs a long - term international peaceful environment to develop itself. China implements an independent foreign policy of peace, and is dedicated to the maintenance of world peace, he added.

"We welcome the current international trend of relaxation, although dangers still exist," Li told the president.

Li said that the future of the world seems to indicate that nations will become increasingly polarized. China gives importance to the unity and cooperation displayed by Latin American countries and the roles played by the eight - nation group in Latin American affairs, he said.

He pointed out that the increasing autonomy of Latin American countries is a clear indication that people all over the world want to be the masters of their own destiny. This is conducive to the maintenance of world peace, Li added.

President Sanguinetti said that Uruguay and China have much about which to cooperate in international affairs. He told Li that Uruguay adopts a multilateral and peaceful foreign policy and attaches great importance to conducting positive foreign activities.

Turning to bilateral relations, Li Peng praised President Sanguinetti and his government's contributions to the growth of Sino - Uruguayan relations. He expressed satisfaction with trade relations between the two countries and said he hoped to further such ties.

Li said that China and Uruguay can enhance economic contacts and explore new areas of economic and technological cooperation. China is always willing to strengthen its friendly relations with Uruguay and other Latin American countries, he said.

President Sanguinetti said he was delighted that his country and China had established diplomatic relations last February.

At the president's request, Li briefed the guests on China's domestic economic situation. He said that the decade - long reforms have brought about great changes in China. However, the problem of inflation has cropped up, and China will take the next two years to rectify its economic environment.

He reaffirmed, however, that China will not change its policy of reform and opening up to the outside world.

Hearing this, President Sanguinetti said it is quite normal for countries to experience difficulties on the road to development, and he is optimistic about China's future prospects.

Qian Qichen, foreign minister; Cui Naifu, chairman of the Chinese reception committee and minister of civil affairs; and others also took part in the talks on the Chinese side. Meets Zhao Ziyang OW0511150488 Beijing XINHUA in English 1434 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—China has no conflicts of basic interests with Latin American countries, Chinese leader Zhao Ziyang said here today.

In his one - hour meeting with visiting Uruguayan President Julio Maria Sanguinetti this afternoon, Zhao, general secretary of the Chinese Communist Party Central Committee, said China shares common objectives and interests on the basic issues of peace and development with the Latin American countries.

China and Uruguay can engage in smooth cooperation in international affairs, Zhao added.

The two countries have enjoyed a good relationship though it is not a long time since they established diplomatic relations, Zhao continued.

Sanguinetti said that his country attaches great importance to its relations with China. Since the bilateral relations were normalized in February this year, bilateral trade and political ties have been expanded, he said.

Zhao spoke highly of the domestic and foreign policies the Uruguayan Government pursues. "Uruguay is playing an increasingly important role in international affairs," he said, "and we are delighted to see the achievements Uruguay has made."

He said he had visited Latin America in 1981 and 1985, and he held that Latin America is full of promise.

Zhao maintained that China has much in common with the Latin American countries, though the two are far from each other geographically. Their common grounds are far more than their differences, he added.

He held that there are broad prospects for developing the relations between China and the countries in Latin America.

Briefing the Uruguayan president on China's domestic situation, Zhao said the current improvement of the economic environment and straightening out of the economic order represent a partial readjustment in its development and advance.

This does not mean that there is any change in China's reform and open policy, Zhao said, adding that this will not affect the growth of economic and technological cooperation between China and foreign countries.

The socialist countries need reform to manifest their advantages, he stressed.

Sanguinetti said Latin America, now in a period of great changes, is striving for the consolidation of democracy and for the promotion of regional integration.

He noted that the second summit of the eight Latin American nations held last week, was a sign of the increasing trend toward unity among the Latin American countries.

Feted by Yang Shangkun
OW0611090188 Beijing XINHUA Domestic Service
in Chinese 1609 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—Chinese President Yang Shangkun hosted a banquet here this evening in honor of visiting Uruguayan President Julio Maria Sanguinetti and his party.

Addressing the banquet, Yang said Uruguay represents peace and stability in Latin America.

In recent years, he went on, the Uruguayan Government and people, under the leadership of Sanguinetti, pursue a domestic policy of invigorating the national economy, and a foreign policy of peace and opening to the outside world.

It stands for peaceful solutions to international conflicts and plays an active role in promoting the cause of unity, peace, and integration among the Latin American countries, Yang said.

He noted that Uruguay also advocates the establishment of a new international economic order and the safeguarding of regional and world peace.

Yang maintained that China will, in the spirit of peace and friendship, mutual support, equality and mutual benefit, and common progress, promote bilateral friendship and relations of cooperation to a new level.

He pointed out that Latin America is a continent full of life and vigor which is playing an increasingly important role in international affairs.

The recent second summit of the eight-nation Latin American group of nations, Yang continued, is an indication of the tendency that Latin American countries are strengthening their unity in the cause of safeguarding regional peace and cooperation, protecting their own rights and interests, and developing their national economy.

He held that China will continue its open policy and promote its economic cooperation and exchanges with foreign countries.

"We are confident that the trade contacts and economic connections between China and various foreign countries, including Uruguay, will be further consolidated and strengthened with the deepening of our reform and the expansion of China's opening to the outside world," he said.

In reply, Sanguinetti said that both Uruguay and China are opening up channels of contacts and understanding. This will surely help bring the two countries closer together and help form a mechanism of cooperation and exchanges which will be conducive to mutual development, he added.

He said most countries have now realized that they have to create a vigorous situation of production and trade in order to provide their people with living conditions which entail dignity, stability, a promising future and hope.

This, the Uruguayan president continued, requires that all countries should adjust their stances toward the international community. Uruguay has been doing just that. China has also been doing just that over the last 10 years and more and has achieved marked and encouraging results.

Sanguinetti said: The different histories, ideologies, and culture separating China and Uruguay "have not in the least obstructed the two countries from treating their modernization and reform as urgent issues."

Sanguinetti said that both countries are striving to be honest and aboveboard with each other, and showing mutual support. "This is the essence of our meeting here today," he said.

Present at the banquet were high-ranking Chinese officials including vice-chairman of the Chinese National People's Congress Standing Committee Bainqen Erdini Qoigyi Gyaincain and Vice-Premier Wu Xueqian, Ren Jianxin, president of the Supreme People's Court of China, Qian Qichen, Chinese foreign minister, and Cui Naifu, chairman of the Chinese Government reception committee.

Visits Temple of Heaven
OW0611115088 Beijing XINHUA in English
0701 GMT 6 Nov 88

[Text] Beijing, November 6 (XINHUA)—Uruguayan President Julio Maria Sanguinetti and his wife and entourage visited the Temple of Heaven here this morning.

It is a sunny Sunday with light breezes. The president and his wife visited the Hall of Prayer for Good Harvests, the Echo Wall and the circular mound altar under the guidance of a Girl Guide. On the way they stopped from time to time to have photos taken and called each other's names against the Echo Wall.

The Uruguayan guests are scheduled to tour the Great Wall and the Dingling Underground Palace and Museum this afternoon.

Deng Assesses Leadership OW0711093788 Beijing XINHUA in English 0900 GMT 7 Nov 88

[Text] Beijing, November 7 (XINHUA)—Senior Chinese leader Deng Xiaoping said here today that China and Latin-American countries will work together to set an example for South-South cooperation.

During an hour-long meeting with Uruguayan President Sanguinetti today, Deng said China attaches great importance to establishing and developing ties with Latin-American countries.

"China and Latin American countries have similar situation, experience and understanding," Deng said. "Let's cooperate well."

President Sanguinetti said he agreed with what Deng had said.

Deng said that China and Uruguay, both developing countries, understand each other and have enjoyed a smooth development of bilateral relations in recent years.

Deng thanked Sanguinetti for heading an important delegation to China shortly after the two countries established diplomatic relations.

Sanguinetti said Uruguay is very delighted to have established diplomatic relations with China, describing this as a "positive step" in Uruguay's policies.

Deng told Sanguinetti, "In China today, those in charge are Zhao Ziyang and Li Peng. I only look into few matters."

Briefing Sanguinetti on China's domestic situation, Deng described China's progress in the past decade as "gratifying" and the line, principles and policies it follows as "generally correct."

He conceded there were minor errors and shortcomings from time to time but no major mistakes were committed in the past decade. Of the current problems, he mentioned inflation.

He said he is confident of bringing about the modernization program.

Sanguinetti said that China has in recent years made great contributions and her reforms and open policy are historic contributions.

Zheng Tuobin Meets Chilean President in Santiago OW0511060788 Beijing XINHUA in English 0241 GMT 5 Nov 88

[Text] Santiago, November 4 (XINHUA)—Trade relations were the topic for a meeting here today between Chilean President General Augusto Pinochet and Chinese Minister of Foreign Economic and Trade Relations Zheng Tuobin.

Zheng arrived Thursday on an official visit to Chile.

Both parties expressed satisfaction at economic and trade relations that have developed between the two countries.

Pinochet and the Chinese minister also met with Air General Fernando Matthei, commander-in-chief of Chile's air force. And Zheng held talks with Foreign Minister Felipe Errazuriz following his meeting with Pinochet.

Deng Says Zhao, Li Now 'Masters of the House' HK0711062088 Hong Kong AFP in English 0610 GMT 7 Nov 88

[Text] Beijing, Nov 7 (AFP)—Chinese leader Deng Xiaoping said Monday he could no longer carry out state affairs and that the "masters of the house" were now Communist Party General Secretary Zhao Ziyang and Prime Minister Li Peng.

"As for managing affairs, I am just like the sunset—I am no longer capable," he told visiting Uruguayan President Jose Maria Sanguinetti in the presence of foreign reporters.

Mr Deng, 84, made similar remarks to Brazilian President Jose Sarney in July, adding that his role was limited to heading the party's Central Military Commission. But his latest remarks made no mention of his continuing duties or the two hours a day he said he was working several months ago.

Chinese press reports have recently suggested that Mr Deng should retire once and for all, as he pledged in October last year at the 13th party congress.

By acknowledging that he is no longer involved in state affairs, Mr Deng may be trying to disarm criticism fuelled by recent remarks, observers said.

Mr Deng told visiting U.S. Defence Secretary Frank Carlucci two months ago that he hoped Republican candidate Vice-President George Bush would win Tuesday's presidential election. The official Chinese Government position, however, is to support neither candidate or party in the election.

And last month, Mr Deng sparked a sensation by telling visiting Finnish President Mauno Koivisto that a Sino-Soviet summit would be held next year.

Finnish Foreign Minister Kalevi Sorsa, who was present at the meeting, later modified the account of the conversation while Mr Zhao added that such a summit would depend on progress in solving the Cambodian problem.

Observers say that Mr Deng's activities in meeting visiting foreign dignitaries are in conflict with his announced decision to retire.

Zhao Discusses Agriculture at Rural Conference OW0411213088 Beijing XINHUA Domestic Service in Chinese 1632 GMT 4 Nov 88

[By reporters Ma Chengguang and Ji Bin]

[Text] Beijing, 4 Nov (XINHUA)—Zhao Ziyang, general secretary of the CPC Central Committee, and other central comrades had an animated discussion with representatives to the national rural work conference in Huairentang Hall in Zhongnanhai today, on ways to win a bumper agricultural harvest next year.

Zhao Ziyang said: China's agriculture is restricted by several factors, but it also has great potential. As long as we adopt realistic measures, formulate correct policies, apply science and technology, and increase the investment in solving existing problems, there will be a big growth in our agriculture.

At the beginning of the discussion, Du Runsheng, director of the Central Rural Policy Research Center, gave a briefing about the progress made in the national rural work conference. After soberly assessing the current rural situation and discussing the importance of harnessing peasants' enthusiasm to promote a bumper agricultural harvest next year, Zhao Ziyang said: Chinese peasants are the beneficiary of the reform policy laid down at the 3d Plenary Session of the 11th CPC Central Committee. Therefore, they support the reform.

Zhao Ziyang said: It is presently necessary to teach and guide the cadres and ordinary people alike to accurately assess the situation and recognize difficulties and problems emerging in the course of reform. It would be extremely unrealistic to think that to carry out such a tremendous and complicated reform in a big country like ours is smooth sailing and will not encounter any problems, difficulties, or setbacks. This is the truth that we must explain to the cadres and ordinary people alike. While enjoying the fruits of reform, we must also recognize difficulties and problems facing us, correctly handle them, and resolve them with one heart and one mind. Reforming is bound to encounter difficulties or even pains. What counts is the remarkable progress we have already made and the final victory which we will certainly achieve. It is worthy to pay a price to win victory for reform. There is no way out without reforms which, if not carried out today, will have to be carried out in the future. This would prolong the period of our backwardness. Therefore, it is necessary to teach the cadres and ordinary people alike to correctly understand and jointly shoulder difficulties cropping up in the course of reform, and make concerted efforts to resolve them in order to ensure the success of reform and the advance of construction. Otherwise, nobody will benefit-neither the state nor individuals. Zhao Ziyang said: We must fully assess the difficulties of reform. To discuss a theory is one thing; putting the theory into practice is another. We can work out a sound and reasonable plan but it may become complicated in the course of practice. There are no perfect measures or policies. It is important to promptly rectify shortcomings once they are discovered and to take a step back to evaluate the situation in order to ensure our continuous and victorious advance.

Participants in the discussion specifically talked about ways to improve the production and marketing of agricultural production means and for increasing and utilizing agricultural funds.

In closing, Zhao Ziyang said: We should neither be unduly optimistic nor pessimistic as far as the situation in agriculture and rural work is concerned. There are many advantages and great potential in developing not only the whole of agriculture but also in developing grain production. For instance, take existing farmland. As long as the measures are right, per unit yield can be increased. If total grain output increases by a minimum of 2 percent per annum from now on, we will be able to fulfill the established goal at the end of this century. The 2 percent annual growth rate is realistic.

Zhao Ziyang said: In developing agriculture it is necessary to pay keen attention to the following three points: First, it is necessary to formulate correct policies for harnessing the enthusiasm of the peasants. Overall, we should further stabilize and perfect the contracted responsibility system that links remuneration to output while developing diverse forms of production service. The household contracted system and household management should be improved, replenished, and developed under stable conditions. We may introduce diverse contractual and management forms suited to the conditions of each locality and reflecting the masses' innovative spirit for different regions and production undertakings. In the course of development, only those contractual and management forms that have proven conducive to production and popular among the local masses should be developed. In circulating farm and subsidiary products, efforts should be concentrated on improving and perfecting the contract system for purchasing grain. Peasants should fulfill their obligation, while the state should show concern for their interests and have both central and local governments adopt measures to ensure peasants' interests. Second, it is necessary to rely on scientific and technological forces to achieve agricultural production breakthroughs from now on. Efforts should be made to carry out agricultural science and technology research projects, and apply existing research fruits to production. In short, we should go all out to develop and apply agricultural science and technology. Third, it is necessary to increase investment. We should increase the supply of chemical fertilizers, vinyl sheets for agricultural use, insecticides, and other agricultural production means. From a longrange view, improvement of agricultural infrastructure and development of agricultural industries is vitally important to agricultural development.

Zhao Ziyang stressed: Ensuring a good job in next year's agricultural production and increasing the supply of grain and other products is of strategic importance to carrying out the plans of the party Central Committee and the State Council for improving the economic environment and rectifying the economic order. Therefore, all localities should exert themselves to do a good job in order to wrest a bumper harvest next year.

Present at the discussion today were Li Peng, Wan Li, Qiao Shi, Hu Qili, Yao Yilin, Tian Jiyun, Li Tieying, Wu Xueqian, Rui Xingwen, Wen Jiabao, Song Jian, Wang Fang, and Li Guixian. National Arts Conference To Open 8 Nov HK0711085888 Hong Kong AFP in English 0802 GMT 7 Nov 88

[By Pierre-Antoine Donnet]

[Text] Beijing, Nov 7 (AFP)—China's first national conference on the arts in almost a decade opens here Tuesday after years of delay due to debate on their role, with officials now saying culture should no longer serve political ends.

"We are no longer advocating the slogan, 'the arts and literature should be subordinated to politics' because it has done more harm than good," said Xia Yan, vice chairman of the Federation of Literary and Arts Circles.

The federation's five-day conference is the first since 1979. It should have been held three years ago, but was repeatedly postponed due to "several problems" which have now been resolved, Lin Mohan, also a federation vice chairman, told a press conference on the event.

The delays were due to disagreements among the Chinese leadership on what ideological role, if any, should the arts still play in society, well-informed Chinese sources said.

The arts have been seen as primarily a political tool in China since the communists came to power in 1949 and particularly since an anti-rightist campaign in 1957.

Mr. Xia said that while artistic freedom for writers and artists was guaranteed, creative freedom is not absolute.

"We have a constitution. You are free as long as you don't go against it."

The Chinese Constitution forbids any questioning of communism and makes all citizens subject to its "four basic principles"—the leadership of the Communist Party, the socialist road, the democratic dictatorship of the people and Marxism-Leninism-Mao Zedong Thought.

Mr. Lin also stressed that Mao's precept laid down in 1942, which said that art should remain at the "service of the masses," was still valid.

After years of persecution during the Cultural Revolution between 1966 and 1976, limited artistic freedom returned following the death of Mao in 1976.

But several political campaigns in recent years have again raised the spectre of official refusal to tolerate any expression of dissident views.

Several well-known writers were expelled from the party and vilified in the official press during the most recent, the campaign against "bourgeois liberalisation" which lasted several months in early 1987 after mass student protests calling for more democracy. The fifth national conference of the Federation of Literary and Arts Circles will discuss such problems, Mr. Xia said.

But he stressed that it had now become clear that certain political concepts put forward previously by Mao or under the influence of Stalin's ideas were no longer in force.

"A policy should change with the changes of the society and times," he said, and while many of Mao's precepts were still correct others needed to be adapted to current needs.

Despite such reassurances and a general trend towards more artistic freedom in recent years, the arts still at best enjoy a closely-monitored freedom, Western analysts here say.

Many films and television programmes have been banned in recent months and many writers who have attracted official disapproval can no longer be published in the official press, they note.

Li Peng Submits Space Treaties Motion to NPC OW0611022588 Beijing XINHUA Domestic Service in Chinese 1457 GMT 2 Nov 88

[Excerpt] Beijing, 2 Nov (XINHUA) — Premier Li Peng submitted to the plenary meeting of the Fourth Session of the Seventh NPC Standing Committee a motion that a decision be made to participate in the "three outer space treaties".

The three treaties are the "Agreement on Rescuing Astronauts and Sending Them and the Object Launched Into Outer Space Back to Earth," the "Treaty on International Responsibility for Damage Caused by an Outer Space Object," and the "Treaty on Registration of Objects To Be Launched Into Outer Space."

In his motion, Li Peng said: In recent years China's outer space operations have enjoyed comparatively rapid development, and our outer space commercial activities have entered the international market. Participating in the "three outer space treaties" and abiding by their specific regulations will be conducive to further promoting our country's outer space activities and strengthening international cooperation and exchanges in this sphere. The State Council believes that it is necessary and appropriate for China to participate in these three treaties in order to actively develop our outer space operations, promote international cooperation in this sphere, safeguard the legitimate rights and interests of China, and make the our country's outer space activities more standardized.

The motion also mentioned: In view of the fact that the Taiwan authorities used the name of China to sign and approve the "rescue agreement" and the "responsibility treaty," while participating in these two treaties our country should state that the Taiwan authorities' signing and

approving the above-mentioned treaties in the name of China is illegal and invalid. [passage omitted on Vice Foreign Minister Zhu Qizhen's explanation on the treaties.]

People's Congress Deputy System Reform Urged HK0711081988 Beijing QUNYAN in Chinese No 9, 7 Sep 88 p 46

[Article by Zheng Gongcheng (6774 0501 2052): "Suggestions on Reforming the People's Congress Deputy System"]

[Text] The convocation of the Seventh NPC represents a major progress in the democratization of China's political life. However, there are still many deficiencies in China's people's congress deputy system, which makes it necessary to conduct reforms and make improvements. This writer's suggestions are as follows:

- 1. The number of people's congress deputies should be reduced. "Better staff and simpler administration" was put forward in the Yanan era, but it has been rarely practiced in the past several decades. In recent years, the CPC Central Committee and the State Council have again called for the streamlining of the administrative structure, but the result is that the scales of some institutions have become larger and the contingent of cadres has become bigger. A case in point is the excessive number of people's congress deputies. The NPC has more than 3,000 deputies. This, plus the number of deputies at the provincial, prefectural, and county levels, comes to more than 3 million. The enormous contingent of deputies leads to the following malpractices: 1) It affects work efficiency. The fact that the large contingents of deputies from the central to the local levels have a low efficiency in their work can amply prove this point. 2) It results in great wastes. For example, elections and meetings entail enormous expenses and adversely affect work. 3) It affects the quality of the people's congress work. Because of the excessive number of deputies, the contradiction between long congress sessions and numerous items on the agenda has become even more conspicuous. We can thus see that reducing the number of deputies is a component part of the state political restructuring and of better staff and simpler administration. Only when the people's congress deputies are small in number but highly capable can they play an exemplary and promoting role and the administrative structures of government departments at all levels be "detumescent." As I see it, it is sufficient to retain one-third of the existing number of deputies at all levels.
- 2. The quality of people's congress deputies should be raised. Judging from the present conditions, the NPC and local people's congresses at all levels, as the highest organs of power, are regarded by some people as the "second line." They have become "transitional stations" for aging officials to stay before their retirement and places of honor for art and sports stars, PLA heroes

performing meritorious deeds at Laoshan, model workers, and outstanding entrepreneurs. The defects of this state of affairs are as follows: 1) Many deputies and members of the standing committees of the people's congresses do not have much legal knowledge, which affects the quality of legislation. 2) Lacking the consciousness to participate in political affairs, many "honorary" figures regard their positions in the congresses as honorary and thus do not have much sense of responsibility. 3) Some people's congress deputies, who come under the category of "willing oxen" or "people working hard," do not have the ability for social activities or the consciousness to participate in political affairs. 4) The aging people, who account for a large proportion of the deputies, also can affect the normal work of the people's congresses because of their poor health and limited energy. Therefore, it is imperative to change the image of people's congress deputies. That is to say, the deputies should not only have moral integrity but also have good health, good knowledge-especially legal knowledge, a strong sense of participating in political affairs, and the ability for social activities. Only when the quality of people's congress deputies is raised can the authority and work efficiency, as well as legislation, of people's congresses be ensured.

3. People's congress deputies should be professionalized. China's deputies are all part-time deputies. It is no wonder that some deputies say that "we have become deputies for only a few days." This is because only when meetings are held and votes taken are people's deputies remembered and only on those occasions can they attend meetings and have the right to make inquiries and air their views. The defects of this kind of amateur deputies are as follows: 1) It is impossible for people's deputies to have ample time and energy to understand the people's demands and reflect their views. 2) It is impossible for them to examine the implementation of the resolutions and decrees of the people's congress and to supervise the work of government departments. 3) People's deputies not only have no authority but are also subject to the organizations at all levels. 4) It is impossible to improve the quality of people's congress deputies. 5) It is not conducive to the work of the people's congresses and weakens the authority of the organ of power. Therefore, deputies should be professionalized. That is to say, they should concentrate their minds on their work as deputies, such as reflecting the views of people from all walks of life in society, inspecting the work of governments at all levels, and supervising the implementation of decrees and resolution, and receive fixed pay for this during their tenure of office.

NPC Standing Body Considers Standardization Law

Chen Muhua Suggests Adoption Delay OW0411153988 Beijing XINHUA Domestic Service in Chinese 1441 GMT 2 Nov 88

[Excerpts] Beijing, 2 Nov (XINHUA)—Chen Muhua, vice chairman of the NPC Standing Committee and chairman of the NPC Financial and Economic Committee, and others believe that the draft standardization law

now under deliberation at the fourth session of the Standing Committee of the Seventh NPC is inadequate to comprehensively raise the nation. technological and management levels and to promote export trade and domestic commodity economy. The main content of the draft law only explains and accommodates to the existing state of affairs. They recommended that adoption of the draft law be postponed.

Those who hold the same view as Chen Muhua are Ye Lin, Ma Hong, and Li Peng, vice chairmen of the NPC Financial and Economic Committee.

They maintain that the basic trend of standardization in foreign nations is: First, making their standards as close to the international standards as possible to facilitate exchange of commodities; second, they are, by and large, using two sets of standards, that is, the state standards and enterprise standards; third, to win in the market competition, the enterprise standards are higher and stricter than the state standards. On the other hand, the existing state of affairs and problems of China's standardization are: A rather large portion of the state standards is still lower than the international standards. and enterprise standards are lower than the state standards. This very abnormal situation is not conducive to raising our technological levels and improving our export competitiveness. We must put an end to this situation as quickly as possible. The draft standardization law, however, does not show any intention of reversing this situation. Second, the draft law establishes trade standards in addition to state and enterprise standards. This reflects the dominant influences of trade conventions in a product economy. The right direction should be to gradually phase out trade standards and effect a transition to state standards. Third, as a result of delegation of powers to lower levels over the past few years, innumerable "local standards" have been adopted, many of which are enterprise standards under a new name. The problem with "local standards," as are wuth trade standards, is that they could bring down state standards and product quality and create problems of incompatiblity. [passage omitted]

For these reasons, they suggested that copies of the draft law be sent to the standardization institutes or sections of the various ministries, localities, and enterprises and to other units and experts in the field to extensively solicit their views. At the same time, efforts should be made to collect more information about the current situation of international standardization work in foreign countries and study their experience. It is inappropriate to hastily adopt the law. [passage omitted]

Members Differ in Opinion of Law OW0511014788 Beijing XINHUA Domestic Service in Chinese 1530 GMT 4 Nov 88

[Text] Beijing, 4 Nov (X'NHUA)—While deliberating the draft of the Standardization Law, the members of the Seventh NPC Standing Committee differed in opinions during a meeting. Some of them held that the draft is immature and should not be adopted, while others thought that it should be adopted and promulgated as soon as possible and a long delay is inadvisable.

During the deliberation, their main difference lay in whether there should be two sets of standards—local standards and specialized standards.

Feng Zhijun and some other Standing Committee members held that the establishment of local standards is conducive to bringing into play local initiative, to management and to gradually raising local standards to higher than national standards. They held that the establishment of specialized standards will facilitate management of special standards by various departments concerned, and that specialized standards will be needed for a considerably long time before standardization can become perfect.

Tao Li and other Standing Committee members were worried that two different sets of standards would obstruct commodity circulation and competition between different regions and might cause new barriers between different regions. They held that since both local standards and enterprise standards at present are lower than national standards, accommodating to present reality is detrimental to raising the technological level and to enhancing the competitive power of export goods.

Jiang Ping and other Standing committee members pointed out: It is necessary to enact a Standardization Law because standardization is very important. Since we have differences over it, the legislation must be made prudently. It is better to seek advice from standardization experts so that the legislation will be objective and fair.

The Standing Committee members today also discussed the draft of the Wild Life Protection Law and hoped that it will be adopted as soon as possible.

NPC Deputies Study He Kang's Agriculture Report OW06i1211088 Beijing XINHUA Domestic Service in Chinese 1206 GMT 5 Nov 88

[Text] Beijing, 5 Nov (XINHUA)—In examining Minister of Agriculture He Kang's report, members of the NPC Standing Committee pointed out: During the development of the reform program in the past decade, China has scored tremendous achievements in agricultural production. However, we must not ignore our existing problems in this connection.

NPC member Li Guiying said: Great changes have taken place during the development of the reform program in the past decade. However, many problems also exist. This merits full attention by all departments concerned. Grain production constitutes our foundation. We must not neglect it. However, we have not done enough to increase grain production at present.

NPC member Zhang Chen pointed out: Right now some people attach importance to agriculture only verbally. Agriculture often becomes a central topic in meetings only. However, they pay attention to industry while neglecting agriculture in action. We must resolutely reverse this situation. The leadership at all levels must truly regard agricultural development, particularly grain production, as their basic task. Under no circumstances should they change their stand in this regard.

NPC member Dong Naifang said: Since the 3d Plenary Session of the 11th CPC Central Committee, our agricultural production has been developed rapidly. Following the gradual development of the reform program, new contradictions have emerged in the realm of distribution. Such contradictions are particularly prominent in the price differences in industrial and agricultural products. It is suggested that we gradually rationalize price differences in industrial and agricultural products on the basis of the principle of exchanging at equal value; narrow the price gaps of industrial and farm products; make gradual improvements; ensure that the selling price is higher than the purchasing price instead of the other way round; and turn covert subsidies into overt ones.

Chen Muhua, vice chairman of the NPC Standing Committee, said: Right now the total acreage of arable land is still limited. Therefore, our only way out in agriculture is to expand multiple cropping areas. Thus, we must pay full attention to increasing land fertility. At present, our meat supply is mainly pork. Six jin of grain crops are needed to produce one jin of pork. All this poses a threat to grain production. Therefore, we must develop poultry in order to save fodder crops. In addition, we must further expand grasslands and develop animal husbandry so as to alleviate the food supply situation. It is suggested that the Ministry of Agriculture organize Academy of Science experts to study this strategically significant issue. Under no circumstances should they neglect such an issue.

NPC member Hu Daiguang said: On the issue of agriculture, we must sum up our experience in following the guiding ideology. We have not regarded agriculture as our foundation. We are over-optimistic in estimating the agricultural situation. We only care about the output-related contracted responsibilities system. We only pay attention to short-term interests without any long-range plan. From now on, we should popularize production techniques in agriculture, scientifically strengthen management, further improve the output-related contracted responsibilities system, scientifically distinguish land ownership from use and management of land, and carry out scientific management and production in line with local conditions and situations.

NPC member Deng Jiatai pointed out: Poor agricultural production brings about instability, while lack of grain crops kindles chaos. We have learned profound lessons, and we must bear them in mind. Right now the trend of regarding industry as something more important than

agriculture and the tendency of abandoning agriculture to work in industry still exist. We must help peasants attach importance to agricultural production, and arouse their enthusiasm in expanding agricultural production, particularly grain production.

NPC member Gao Dengbang said: During the past few years, there have been many discussions and worries about grain production. The recent battles for silk cocoons, apples, and grain crops are dangerous signs. Instability in the supply of grain crops and nonstaple food will affect commodity prices. It is extremely urgent that we solve these problems as soon as possible. We must pay full attention to tackling these problems. Our present task is to give agriculture a higher economic status and make a long-range plan for developing agriculture. We must increase investments in developing capital construction projects for agriculture, build a number of base areas for the production of marketable grain, construct more water conservancy works, and increase fertility of farmland with medium or lower yields. We must popularize modern science and technology, vigorously develop industries in support of agriculture, give priority to developing means of production for agriculture, work out correct policies to help peasants raise their enthusiasm in carrying out farming, and push agricultural production to a new height.

NPC member Lin Lanying pointed out: We cannot develop agriculture without paying attention to science and high technology. In the field of high technology, there are many projects which serve agriculture. Space technology also serves agriculture. We should develop high technology and combine it with agriculture.

Column Notes 'Partial Success' of Reforms HK0711030088 Beijing CHINA DAILY in English 7 Nov 88 p 4

["Opinion" column by Gu Chengwen: "Political Reforms Show First Results"]

[Text] One year has passed since General Secretary Zhao Ziyang announced reforms of China's political structure at the 13th Congress of the Chinese Communist Party. According to a senior official in charge of reform, partial success has already been achieved.

The official, Huang Hai, is deputy director of the Department for Reforming the Party's Leadership and Mass Organizations under the ministry-level Research Institute for Reforming the Political Structure, which is directly responsible to the Central Committee of the Chinese Communist Party.

Mass organizations usually mean trade unions, women's associations and the Communist Youth League.

Huang said that, as part of the reform measure, the party is relinquishing power to the government, the People's Congress, enterprises and other organizations. Moreover, inside the party, ordinary members and party committees at all-levels are being given more decision-making power in the party's affairs.

The party has held competitive elections for its committee members at all levels, and the party's Central Committee is preparing to expand the practice. Competitive election means that the number of candidates exceeds the number of vacant seats for which they are competing.

In this year's elections for provincial party committee and government officials, 12 candidates recommended by party organizations were not elected.

A provincial governor in northwestern China was barred from entering the party's provincial-level committee. This is a rare case in the party's history and poses a difficult prospect for the governor himself.

Huang said Liu Yuan, son of the late president, Liu Shaoqi, was elected vice-governor of Henan Province in a competitive election this year.

At present, competitive elections apply to members of the party's Central Committee, members of the standing committee at the provincial level and secretaries at the lower levels.

Huang noted the party has also deepened its internal reform by elevating the committee's authority over that of individuals.

The specific measures include more committee conferences, establishment a system of reports by party leaders, and reducing the number of committee members while improving their quality.

The emphasis at party congresses used to be on achieving balanced representation of all places and circles, regardless of the members' abilities to take part in political affairs.

As a result, some congress delegates had no response to the secretaries work report during the two or three days they were given to voice their opinions.

Quality

The same problem existed within the party's Central Committee.

The emphasis has been shifted from geographic and social balance to quality and efficiency.

Another important reform of the party's leadership is detaching the party from government administration, Huang said. There is now a clear division of labour between the party's Central Committee and the State Council.

The Central Committee will not intervene in government work, but will only decide on important or strategic issues and recommend important cadres to the government.

"This is called political leadership," Huang said. "The State Council is no longer an incomplete economic cabinet."

Responding to this move, the party has dissolved its leadership groups in most of the ministries and special departments within the provincial party committees in charge of government affairs. Individual members of the standing committees at the provincial level and below will no longer be involved in economic work.

Party committees in enterprises have been detached from their superior institutions in order to guarantee the managers' administrative autonomy.

These grass-roots party committees are transferred to the local governments and will deal mainly with ideological issues, supervision and internal party affairs. China's enterprises will finally become independent bodies without a superior institution to intervene in their affairs, Huang said.

In order to increase transparency and solicit supervision from the party as a whole, the Political Bureau of the party's Central Committee has mandated that the issues discussed and the results of the committee's monthly conference be made public.

To foster greater input from members of the party's Central Committee, special discussion groups have been organized among them to study important national issues and contribute opinions to the Political Bureau. This has in turn increased the efficiency of the Political Bureau.

There are still problems in the reform of the political structure, Huang said. For instance, the division of duties between the party committees and governments or enterprise managers is often unclear, especially in grassroots units.

Provincial Leader Urges Rectifying Economy HK0411045888 Beijing RENMIN RIBAO in Chinese 31 Oct 88 p 1

[Dispatch by reporter Gong Dafa (7895 6671 4099) from Wuhan: "Hubei Provincial CPC Committee Secretary Guan Guangfu on Improving Economic Environment and Rectifying Economic Order"]

[Text] When we improve the economic environment and rectify the economic order will this obstruct the development of reform? Will it affect economic invigoration? How should overall interests and local interests be coordinated? At the enlarged meeting of the Hubei Provincial CPC Committee which has just concluded, provincial committee Secretary Guan Guangfu gave explicit answers to these questions.

Guan Guangfu said: The purpose of improving the environment and rectifying the order is to create the necessary favorable conditions for the reforms, and to overcome the difficulties and obstacles in the course of advancing. The in-depth reforms objectively require the state to strengthen its overall control capacity. Improving the environment and rectifying the order represent concrete reform steps in strengthening overall control and constitutes a major part of the efforts to establish the new order in the socialist commodity economy.

To implement the spirit of the third plenary session of the CPC Central Committee, we should increase the masses' confidence in reform and protect the enthusiasm of cadres and the masses for reform and opening up. Reform explorations should be strictly distinguished from the perverse "countermeasures" against the central policies. Guan Guangfu fully affirmed the correctness of Hubei's reform orientation during the past few years, and also admitted that errors were unavoidable in the course of reform. The correct attitude should be to: Resolutely rectify the problems pointed out by the central leadership; seriously examine and correct errors; firmly carry out the correct reform policies and measures that have been adopted during the past years; continue to perfect and revise the policies and measures which are not yet mature; and carry forward ongoing reform experiments and explorations, rather than giving up halfway.

He said: The purpose of the improvement and rectification is to release the economic vigor within the limits of the state's overall control. The current overheated economic atmosphere epitomizes all exposed and potential contradictions in the national economy. It is not a demonstration of economic vigor's normal role but a demonstration of a disorderly economic condition which will eventually stranele the economic vigor released by the reforms. We need to rectify the unfavorable economic environment and the disorderly economic condition and to stress the need to improve economic results and tap enterprise's potential. We will cut down on the excessively large scale of capital construction and consumption demand, but preserve infrastructural industrial projects in the energy and transportation fields, and the necessary projects which ensure a solid foundation for our sustained development. We oppose the contention for an unrealistically high growth speed and stress adjustment of the production structure and enhancement of productivity. Therefore, success in improving the economic environment and rectifying the economic order will ensure sustained, healthy, and steady economic development rather than lead to economic recession.

Guan Guangfu said: Improvement and rectification require proper coordination of the interests of all parties concerned, and may even require localities and departments to sacrifice some of their immediate and vested interests. Only when the overall interests are guaranteed and developed can local and partial interests be guaranteed and developed. As compared with local and partial interests, the overall and national interests are always

more important. Thus, the more difficulties there are, the more necessary it is to adhere to the principle of partial interests being subordinate to overall interests. We must never try to seek local and partial interests at the expense of national and overall interests, and must never adopt "countermeasures" against the central policies. We should resolutely overcome the idea of "being unwilling to incur any losses." Party committees and governments at various levels must maintain a high degree of ideological uniformity with the central leadership not only in word, but also in deed. The provincial party committee and the provincial government should first set a good example. They should take the lead in strictly implementing all principles, policies, and measures laid down by the party central leadership and the State Council for the improvement and rectification. They must first put these things into practice before they require the authorities at lower levels to do the same. Leading members of the provincial party committee and the provincial government should resolutely correct their collective and individual mistakes according to the spirit of the third plenary session of the CPC Central Committee and should not be indulgent toward these mistakes. The provincial party committee and the provincial government should assume responsibility for the common problems existing in many grass-roots units.

Personnel Minister on Public Service System OW0611225488 Beijing DANG JIAN in Chinese No 9, 5 Sep 88 p 4

[Article by Zhao Dongwan, minister of personnel affairs: "Establishing and Implementing a Public Service System"]

[Excerpts] As is required by the 13th CPC Congress, the emphasis of the current personnel system reform relating to cadres is on establishing a public service system. To meet political and economic restructuring requirements, we plan to establish a public service system framework and lay a good foundation for implementing this system in 5 years.

In establishing a public service system, we must, in line with political restructuring objectives and requirements, take our conditions at home into account and draw on foreign civil service systems to develop a scientific system of managing public servants with distinct Chinese characteristics. The system should have the following characteristics:

1. In line with the principle of establishing different categories for different personnel, we should separate government functionaries from the existing cadres contingent and introduce a management system different from systems for other personnel. This should be done in accordance with the principles of separating party and government, and separating the functions of government from those of enterprises.

- 2. Introducing a job classification system. Job classification means to classify various types of posts according to the nature of the work, degree of difficulty, extent of responsibility, and the education level and skills required into different categories and grades, establish job standards, and clearly define the work, powers, responsibility, and qualifications of every job. Establishing job classifications is the basis for administering examinations, hiring and evaluating personnel, and setting wage scales. It will also serve as a basis for organizational structure and administration.
- 3. Implementing the principles of openess, equal opportunity, competition, and selecting the best qualified applicants. Whoever wants to become a public servant must pass an openly held, competitive examination. The state should make public examination qualifications, examination procedures, and employment standards; publish examination results; hire the best; guarantee equal opportunity for citizens to prevent recruitment malpractices; and increase the transparency in personnel work.
- 4. Instituting a promotion system based on merits and achievements. Promotion must be based chiefly on achievements in order to ensure the quality of public servants' performance and mobilize their enthusiasm for work.
- Enforcing discipline and enhancing supervision. [passage omitted]
- Upholding the principle of managing according to laws. [passage omitted]

In implementing the public service system, we must act quickly but steadily. While drawing up regulations and making other preparations in the next 5 years, we should study and implement the system as we go along and strive to establish a tentative but rather complete set of laws and regulations governing the public service system, by and large develop a personnel training network with state administrative colleges as it main body, comprehensively introduce the public service system in the various State Council departments, the overwhelming majority of provincial government departments, and governments organs in major cities. [passage omitted]

Tough Measures Against Child Labor Announced HK0511072888 Beijing CHINA DAILY in English 5 Nov 88 p 1

[By staff reporters Hu Sigang and Yu Faming]

[Text] The Chinese Government has announced tough new measures to crack down on the growing use of child labour throughout the country.

A circular issued today by five government departments prohibits all organizations and individuals from employing underage workers.

Those who defy the regulations face a 3,000 to 5,000 yuan fine for every child worker employed.

Enterprises or individuals who continue to employ underage workers despite the imposition of fines will be forced to stop business and their licences will be withdrawn. They will also be punished according to the law.

A senior official from the Ministry of Labour, speaking prior to the publication of today's circular, told CHINA DAILY that the employment of underage workers had been reported frequently throughout the country, particularly in the coastal areas where collectively-run township enterprises, private businesses and self-employed entrepreneurs or businessmen defy the State's policy and hire child labourers.

In some township enterprises, he said, underage workers account for 20 percent of the total number of employees.

He said both central and local governments had repeatedly warned enterprises and individuals about the practice but their injunctions had been ignored.

The physical and mental health of child labourers suffers, the official said, and the practice leads to large numbers of children dropping out of school. The country's compulsory education law—which stipulates that children should have nine years of schooling cannot be implemented properly, he warned.

The new circular stipulates that all private enterprises and individuals wishing to recruit workers have to sign contracts with the employees. The contracts, which should make clear the workers responsibilities and rights, must be approved by labour dispute arbitration authorities.

All education administration departments and primary and middle schools have been asked to tighten their controls on students who play truant from school.

Students who wish to suspend their schooling because of illness or for other special reasons will now be required to submit application forms which should be completed by their parents or guardians. The forms should be handed in along with relevant certificates and sent to local governments or specified organizations for approval.

Parents or guardians who force children under 16 to work will be formally criticized. If they do not heed the criticism, they will be fined or punished according to law.

CPC Official Yan Mingfu Arrives in Tibet HK0311040288 Hong Kong MING PAO in Chinese 3 Nov 88 p 8

"Special Dispatch" by Lu Niu [7627 3662]: "Yan Mingfu Recently Arrived in Tibet for Inspection, Believed To Be in Preparation for Work Conference on Tibet"]

[Text] Yan Mingfu, secretary of the Secretariat, and concurrently head of the United Front Work Department of the CPC Central Committee, arrived in Lhasa,

Tibet, on 30 October. It is believed that he will conduct studies and investigations on major issues in Tibet to make final preparations for the CPC Tibet Work Conference, which will probably be held in the near future. The Third Tibet Regional CPC Committee is holding its Sixth Plenary Session (Enlarged) in Lhasa. The 292 officials at or above county head level who are attending the session will listen to a speech by Yan Mingfu.

In June this year, Qiao Shi, a member of the Standing Committee of the Political Bureau of the CPC Central Committee who is in charge of Tibetan affairs, made an inspection tour to Tibet where he stayed longer, and made contacts with more Tibetan people, than any other previous senior CPC official. Yan Mingfu is the second important CPC official responsible for handling Tibetan affairs who has come to Tibet.

The Tibet issues have developed to a crucial moment at which an all-round policy-decision at the top of the CPC is needed. The CPC Central Committee already held a joint conference on the coordination of Tibet's work and departments of the party Central Committee and various ministries and commissions of the State Council attended the conference. Directed by Fei Xiaotong, an authority in China's studies on nationalities and sociology, the Sociology Institute of Beijing University and the China Center for Studying Tibet have jointly started a social survey on nationality issues in Tibet. The thoroughness and extensiveness of the survey and the frankness of the questions asked during the survey are seldom found in other surveys. In Lhasa City alone, the survey team has interviewed 500 households of Tibetans. Results of the current survey will provide important reference for studies on Tibet's issues at the top level of the CPC.

In addition, the Economic Survey Team sent by the State Nationalities Affairs Commission has also carried out in-depth studies and investigations on the present situation and development of Tibet's economy. The State Planning Commission and the Tibet Autonomous Regional Government have also carried out studies on the strategy for the development of Tibet's economy. This year, Tibet's agriculture has enjoyed favorable weather and its grain output will exceed 1 billion jins, a record high in Tibet's grain output. At present, a conspicuous problem in its economic development is a serious shortage of electricity. There is no coal production in the Lhasa area and the people use electric stoves for cooking and heating water. Guesthouses and restaurants built in recent years to develop tourism also consume a lot of electricity. Even overload operation of the existing power stations cannot meet the demands of electricity consumption. Since power shortage has affected the daily life of the residents, it has become a political problem having an impact on social stability. Therefore, the proposed construction project of the Yamzho Yumco Hydropower Station, which has been pigeonholed for several years, has again been put on the

agenda. After repeated verifications, specialists concerned maintain that the construction of the power station will not affect the local ecological balance.

In view of senior CPC officials' inspection tours to Tibet and studies and investigations on several special issues carried out in Tibet, it is believed that the conditions are ripe and it is an opportune time for the CPC to convene another special conference to discuss Tibet's issues. It is quite possible that Yan Mingfu's current visit to Tibet is to make final preparation for the work conference.

Stresses Tibet Economic Development HK0611020788 Lhasa Tibet Regional Service in Mandarin 1130 GMT 5 Nov 88

[Text] CPC Central Committee Secretariat member Yan Mingfu recently inspected work in Tibet. He pointed out that Tibet has scored tremendous achievements in the 30 and more years since its liberation. In particular, since the 3d Plenary Session of the 11th CPC Central Committee, under the leadership of the regional party committe, new developments and notable progress have occurred in all undertakings in Tibet thanks to the concerted efforts of the party members and the cadres of all nationalities.

He said: Only by promoting economic construction can we fundamentally stabilize the situation in Tibet and improve living standards.

At forums with responsible comrades of Lhasa, Qamdo, Nagqu, and Ngari, and responsible comrades of the Standing Committee of the regional party committee and the regional Advisory Commission, Comrade Yan Mingfu fully affirmed the achievements of Tibet in the past 30 and more years. He said: The entry of the PLA into Tibet meant the end for reactionary imperialist forces in Tibet and laid the foundation for the motherland's territorial integrity and ethnic unity. Pacification of the rebellion and democratic reforms constituted a great event most worthy to be extolled in the life of the Tibetan people and in the history of Tibet. In this way the emancipated serfs became the masters of Tibet, and under the party's care a large number of party members and outstanding ethnic cadres have been cultivated who preserve the motherland's unity, possess communist awareness, and contribute their all for the Tibetan people's happiness. This is where the hope for Tibet lies.

Of course, in common with the whole country, mistakes have occurred in Tibet during the past 30 and more years, as a result of leftist in luences. However, since the 3d Plenary Session of the 11th CPC Central Committee, these have been corrected by the cadres implementing the spirit of the central intentions.

On how to vigorously develop the productive forces and speed up Tibet's economic construction, Comrade Yan Mingfu stressed: We must resolutely implement the spirit of the two central meetings and the instructions

delivered by Comrade Qiao Shi during his investigation in Tibet. We must firmly establish the guiding idea of regarding economic construction as the core.

Discussing what force to rely on to fulfill the glorious and arduous historic mission of defending the border and building a new Tibet, Cornrade Yan Mingfu said: Tibet is always the Tibet of its emancipated people; it is always the Tibet of our unified great family of fraternal nationalities. No attempt to split the motherland can succeed. The CPC Central Committee supports you; the State Council supports you; and the 1 billion people stand firmly behind you. The 2 million people of Tibet are the main force for making Tibet's economy rich and strong.

To ensure the smooth fulfillment of the goal of taking economic construction as the goal, we must, guided by the party's correct guidelines, mobilize all positive factors and, with the PLA and the people's armed police in Tibet as our strong backing, unite all forces that can be united, including giving full scope to the role of mass organizations such as the trade unions, CYL, and women's federation, and of the united front of the CPPCC and the Buddhist Association. In this way work in Tibet will be done still better on the basis of the achievements already scored.

Comrade Yan Mingfu stressed: A very important factor in the development of undertakings in Tibet is to trust, rely on, and cherish our own cadre force. He said: In the past few decades, large numbers of Tibetan cadres have matured under the party's cultivation, together with Han and other nationality cadres who are far from their home provinces and have made selfless contributions to Tibet. It is precisely their spirit of dedication that has enabled great developments and changes in Tibet.

On behalf of the CPC Central Committee, he extended a lofty salute and cordial regards to the cadres and masses of all nationalities, the PLA, and the people's armed police defending and building Tibet. Comrade Yan Mingfu sincerely hoped that the regional party committee and government and the leaders at all levels will regularly go deep into reality and the grass roots to investigate and study and formulate a practical strategic plan for Tibet's economic development that accords with the region's realities. They should do their work in a thoroughly sound way and do some practical things that can be seen and touched by the Tibetan people.

Hu Qili Meets Literary, Art Federation Leaders OW0711011688 Beijing XINHUA in English 1508 GMT 6 Nov 88

[Text] Beijing, November 6 (XINHUA)—Chinese Communist Party leader Hu Qili called on Zhou Yang and Bing Xin, chairman and vice chairman of the China Federation of Literary and Art Circles here today.

The fifth national conference of the federation is scheduled to open here Tuesday.

At 7 o'clock this evening, Hu Qili, member of the Standing Committee of the Political Bureau of the party Central Committee, and Wang Meng, minister of culture, went to visit Zhou Yang at the Beijing Hospital.

Hu expressed concern for Zhou who is not able to attend the conference.

Then Hu and Wang went to visit 88-year-old writer Bing Xin in the west suburb of Beijing.

Hu praised her for her persistent efforts in writing stories for young readers. Bing Xin began to write at the age of 18 and is still writing short stories.

Qiao Shi, Other Leaders Meet Procurators OW0511003788 Beijing XINHUA Domestic Service in Chinese 1201 GMT 4 Nov 88

[Text] Beijing, 4 Nov (XINHUA)—Peng Zhen, Qiao Shi, Chen Pixian, Xi Zhongxun, Peng Chong, Wang Hanbin, Wang Fang, Ren Jianxin, and Liu Fuzhi met with all representatives to the national work conference of chief procurators in the Great Hall of the People this afternoon. The leaders posed for pictures with the representatives. Also present at the meeting were officials from the Ministry of Justice, the Ministry of State Security, and other relevant departments.

After the meeting, Comrade Qiao Shi attended a discussion with chief procurators from 30 provinces, autonomous regions, and municipalities, and the Military Procuratorate.

Zou Jiahua Attends Shenyang Airport Inauguration OW0711051388 Beijing XINHUA Domestic Service in Chinese 1613 GMT 3 Nov 88

[Text] Shenyang, 3 Nov (XINHUA)—Shenyang's Taoshan Airport, a key construction project in the Seventh 5-Year Plan, was completed today with test flights starting immediately. Zou Jiahua, state councillor; and Hu Yizhou, director general of the Civil Aviation Administration of China, cut the ribbon for the completed project.

Taoshen Airport is located in the southern suburbs of Shenyang, about 18 km from downtown. It is the largest, modern first-grade civilian airport in northeast China, capable of landing large, long-range aircraft, and handling international flights. With the completion of this airport, Shenyang will add a number of domestic flights and several international flights, thus facilitating Liaodong Bandao's development and construction.

A special highway connecting Shenyang with the airport was also completed and open to traffic at the same time.

Academy of Sciences Undergoes Shakeup OW0511224688 Beijing XINHUA in English 1608 GMT 5 Nov 88

[By XINHUA correspondent Li Xiguang]

[Text] Beijing, November 5 (XINHUA)—China has one of the largest scientific research capacities in the world. It is capable of developing nuclear weapons, satellites, and laser devices. So why does China have to rely on imported technology to develop consumer goods?

In an interview with XINHUA today, Professor Zhou Guangzhao, president of the Chinese Academy of Sciences (CAS), said that the academy, which has suffered from an "ivory tower" complex in the past, will adopt a new approach to practical matters and urgent problems related to industry, agriculture and the people's livelihood from now on.

"The new system is called 'one academy, two systems," Professor Zhou said. The two systems refer to the parallel tasks the academy's 80,000 scientists are to carry out: building up a number of advanced world-level research institutes and setting up a number of export-oriented high-tech enterprises.

"In the future, our pure science research will be supported by the state, while research projects related to materials, information, energy and technology will be chiefly supported by industries," Zhou said.

"The new system is not an expedient measure. It is of vital importance as to whether the academy will be able to make substantial contributions to the the country in the next century," Zhou remarked.

According to him, the 120 research institutes under the academy had been losing competitiveness under the present "aging, secluded and unwieldly" structure.

"We should not bequeath the old system to the next generation. The academy should act like a national sports team which is open to all young and outstanding talents," Zhou said.

Considering the long-term interests of the state, the academy has decided to devote 30 percent of its scientific personnel to basic research and high technology. "Most pure science personnel will be organized to focus on limited projects which have potential strategic value," Zhou explained.

To a small number of promising scientists who are doing highly theoretical research, the academy will also give support although their potential applications are unpredictable, Zhou said. As a national centre for basic research, the academy will be an important base for pursuing high technology, training young scientists, and inspiring national selfconfidence, Zhou remarked.

In recent years, about 7,000 scientists have left the scientific laboratories of the academy and have set up some 400 new technology companies selling products developed on the basis of their specialized knowledge.

"In future, the academy will seek to establish closer ties with industry," Zhou said.

"Through the interflow of talent, information, funds and new technology between the academy and industries, we expect that the academy's research results will be recognized and appreciated by the whole of society," he pointed out.

Academy of Sciences Outlines 1989 Tasks OW0611092188 Beijing XINHUA in English 0714 GMT 6 Nov 88

[Text] Beijing, November 6 (XINHUA)—The Chinese Academy of Sciences will spend a sum of 16 million yuan next year on research of 10 key scientific items including superconductor, engineering plastics and technology on transformation of coal.

In addition, the academy will give priority to the research of basic science and open its laboratories to the public, said its President Zhou Guangzhao at its working conference for 1989 which opened here Saturday.

Meanwhile, the academy will introduce the practice of "one academy, two systems" which aims at combining scientific research with commercial operation.

On training elite young scientists, Zhou said, the academy will sent a group of promising young researchers to conduct joint research with their foreign counterparts at some first-class laboratories in developed countries.

Moreover, ten "outstanding young scientists" who are below the age of 40 will be selected and cited every two years in the future.

New members will be added to some divisions of the academy at the sixth conference to be held next year, the president said.

Cutback in Nuclear Power Plan Urged OW0611141988 Beijing XINHUA in English 0843 GMT 6 Nov 88

[Text] Beijing, November 6 (XINHUA)—China is to cut down nuclear power plan by 40 percent, today's CHINA DAILY BUSINESS WEEKLY reported.

China has planned to build nuclear plants to boost output by 10,000 megawatts by the year 2000. But experts at a recent meeting suggested this be revised to 6,000 megawatts.

Delegates from provincial planning departments also argued that even this might be too expensive and demanded that the target be only 4,500 megawatts by the turn of the century, the paper reported.

This figure would include the 1,800-megawatt plant at Daya Bay, Guangdong Province, the 300-megawatt plant at Qinshan, Zhejiang Province, and four 600-megawatt reactors to be added to Qinshan's second and third phases.

Power shortage has been a headache for the country for many years. Between 1981 and 1987, the annual increase in power output fell far behind the 11 percent industrial growth, the paper said.

Over the past few years, Chinese experts realised that they over-estimated the nation's resources in terms of cash and manufacturing technology.

Zang Mingchang, chief engineer of nuclear industry in the Ministry of Energy Resources, said the experts at the meeting had sought to take a more realisite approach, according to the paper.

He said China's electricity generating capacity is expected to increase to 240,000 megawatts by the year 2000 from 101,920 megawatts in 1987. But this will still fall short of demand.

By the turn of the century, the capacity of thermal power plants in China will account for 68 percent of the total energy structure, hydro-electric 30 percent and nuclear power 2 percent.

Experts forecast that China will need at least 280,000 megawatts or 320,000 megawatts in capacity to completely meet demand.

Phyton Chromosone Resolution Technology Developed HK0711123788 Beijing CEI Database in English 7 Nov 88

[Text] Beijing (CEI)—A new phyton chromosome resolution technology called AMD high resolution banding technology has been developed in China recently.

The technology was developed by scientists from the Institute of Crop Breeding and Cultivation attached to the Chinese Academy of Agricultural Sciences.

The technology has been proved successful in tests on 12 plants. And experts considered it helpful in the research of cell, chromosome, and gene engineerings.

The AMD method is capable of resolving 10 to 20 bands in each early and middle-term chromosome. The resolving rate is much higher than using regular methods.

PLA To Inspect, Trim Military Enterprises OW0411132288 Beijing XINHUA Domestic Service in Chinese 1602 GMT 2 Nov 88

[Text] Beijing, 2 November (XINHUA)—The Central Military Commission has decided to carry out a tax, finance, and commodity prices inspection in the whole army and a checkup and streamlining campaign aimed at military production operations and corporations from November to the first half of next year.

The Central Military Commission recently issued a "Notice on Launching an All-Army Taxation, Finance, and Commodity Price Inspection" and a "Notice Concerning Checking Up and Streamlining Production Operations and Corporations."

"The Notice on Launching an All-Army Taxation, Finance, and Commodity Price Inspection" stated: The inspection is a significant step of implementing the central government's policy of improving the economic environment and rectifying the economic order. It will have great bearing on further improving financial and economic order in the military, on enhancing the concept of law and discipline, on stepping up the building of work style, and on strengthening various reforms. The notice mandated all above-regiment-level units and production units in the Army to undertake the inspection. The main point is to investigate the various corporations and enterprises run by the headquarters, military regions, and armed forces divisions. The notice required the Army to sum up experiences and lessons from the inspection; and, through the inspection, to improve rules and regulations; strengthen management; plug loopholes: prevent and correct degrading tendencies; promote healthy development of the production operations; distribute, manage, and use well the limited military expenditure and economic returns on production operations; and further guarantee army building.

In "The Notice Concerning Checking Up and Streamlining Production Operations and Corporations", the Central Military Commission asked that conscientious efforts be made to check up on and streamline all military production units, with special emphasis on various corporations and trade activities. The notice pointed out: In recent years, military production operations have achieved great success, which is significant in safeguarding military life, compensating insufficient military funds, and lightening the burden of the state. Nevertheless, in some units, there have also been problems such as confusing the responsibilities of the Army with those of enterprises, operating businesses without a license, profiteering, and indulging in extravagance and waste. The notice stipulated that all corporations run by

military departments and functional departmentsturned-corporations immediately stop commercial activities and be revoked, as is any "carpetbag" company that has no regular place, facilities, and workers for conducting business and capitals in proportion with the scale of its operations. The stipulation also applies to the corporations that are not approved by and, accordingly, have not registered with industry and commerce administrative authorities. For units that use professionals on hand to run corporations that provide service such as scientific-technological, educational, information, and consulting corporations which are approved by the industry and commerce administrative agency, they are allowed to continue to engage in related business but are prohibited from expanding their operations without authorization. All corporations must operate within the approved limits. All servicemen (including nonmilitary personnel) and retired or demobilized cadres are prohibited from individually pursuing commercial activities in any form; whoever violates the ban will be severely punished. The notice also required that relevant military regulations be strictly observed; and that troops, equipment, and military facilities not be used unwarrantedly in production activities, such as labor service and transportation. The notice wanted military production operations and corporations, after being streamlined, to be able to truly operate business in accordance with law, separate the functions of the Army from those of enterprises, strengthen management, and raise economic returns.

The leading group in charge of the all-army taxation. finance, and commodity prices inspection and the trimming of military production operations and corporations held a telephone conference this afternoon to relay the instructions of Comrade Zhao Ziyang, which urged the Army to focus its production operations on developing farm and sideline products and follow a principle of staying away from commercial activities. The conference also passed on the instructions of Comrades Deng Xiaoping and Yang Shangkun regarding the checking and trimming work, and guidelines of the Central Military Commission. Specific arrangements for the streamlining work were mapped out at the conference. The conference asked party secretaries and leading comrades at all levels in the Army and the vast numbers of officers and soldiers to raise their awareness and think as one to perform well in the inspection, checking and streamlining work; ensure the quality and quantity of the work completed; refrain from hastily wrapping up the task; and guarantee that the policies of the Central Government, the State Council, and the Central Military Commission will be fully implemented.

Military Commission Announces Death of General OW0611142188 Beijing XINHUA in English 0816 GMT 6 Nov 88

[Text] Beijing, November 6 (XINHUA)—Senior General Tan Zheng died in Beijing at 14:05 today, the Central Military Commission has just announced.

The announcement described the 82-year-old general as a long-tested communist, outstanding leader of the Communist Party of China (CPC) and the Chinese People's Liberation Army (PLA), a strategist and a brilliant political leader.

Tan was born in 1906 at Xiangxiang County in central China's Hunan Province. He was a participant in the Autumn Harvest Uprising led by Mao Zedong in the Hunan-Jiangxi border area in 1927.

Later, he had held posts of secretary general of the Military Commission of the Fourth Army of the Red Army, director of the Political Department of 12th Army of the Red Army, director of General Political Department of Central Military Commission, director of the Political Department of the Fourth Field Army. After the founding of the People's Republic of China, he acted as director of the General Political Department of the PLA and vice minister of national defence.

In 1955, he was conferred the title of senior general.

He was also elected as alternate member of the Seventh Central Committee of the Communist Party of China (CPC) in 1945, member of CPC Eighth Central Committee and member of the Secretariat of the CPC Central Committee in 1956.

Transfer of Militia to Civilian Sector Praised HK0711044488 Beijing CHINA DAILY in English 7 Nov 88 p 3

[Text] The transfer of leadership over the people's militia from the regular army to the local authorities two years ago has proved a sound step, according to a senior army officer.

Yu Chuzhong told CHINA DAILY that working and living conditions of cadres responsible for training and directing the militia all over the land have improved and training facilities strengthened thanks to the support of the local governments.

"Besides, it is easier for those cadres living apart from their families to be reunited," said Yu, director of the organization and planning section of the mobilization department under the General Staff Headquarters of the People's Liberation Army.

The departments responsible for training and directing the militia, with a total staff of about 60,000, used to be part of China's Armed Forces and were mainly in charge of conscription and mobilization during war.

These units along with their staff were transferred to the local authorities in 1986 as part of a move to cut back China's standing army by one million men.

Although they are now a part of the local government, they still accept leadership from higher-level military institutions.

Yu said the militia has faced new problems in the process of nation-wide reforms.

Some enterprises have dissolved sections in charge of their militia sections or combined them with other sections in the interests of productivity. Cadres responsible for militia affairs have been transferred to other jobs or work units.

"Enterprises should share the responsibilities of militia work and conscription," Yu said.

He added, "Dissolving these sections was wrong. That violated state regulations. These sections should be reinstated.

He said the work of the militia should be strengthened and noted that government policy calls for this even as the regular forces have been reduced.

In 1984, all enterprises with a staff of 1,000 or more were told to set up a people's militia section.

Commentator Urges Punishment for Misappropriation HK0311123088 Beijing RENMIN RIBAO in Chinese 29 Oct 88 p 1

[Commentator's article: "In No Way Should Punishment Be Mentioned Casually"]

[Text] It is often exposed in newspapers and magazines that funds earmarked for helping the poor, materials for flood prevention, funds for education, and so on are used at will for other purposes in some localities. Reports on what happened in Hanshou County, Hunan Province, are even worse. Not just one or two persons have used materials for flood prevention to build private houses and dormitories, but many people have. In addition to cadres at lower levels, leading cadres at the county level have also engaged in the same malpractice. People cannot help doubting whether socialist laws and regulations are still in force?

Hanshou County, which is located by Dongting Hu, suffers badly from flooding and undertakes heavy tasks of flood prevention. As everybody knows, "fires and floods are relentless." Nevertheless, there are some people who pay no attention at all to state interests or the safety of people's lives and property. They have openly abused their power and connections and have diverted public timber and stones to build their own private houses. In their eyes, whether or not they can live in a cozy home is far more important than any flood! Hanshou County suffered serious affects from floods this autumn and that was the direct outcome of using at random large quantities of flood-prevention materials

for other purposes. If such acts of undermining the great dam of socialism are allowed to spread, even more serious disasters will certainly occur!

"I didn't get them free. I paid for them!" some people argued with "perfect assurance," implying what they did was different from taking something free or corruption. In this way, they feel at ease and justified. As a matter of fact, what they said is tantamount to a pot calling a kettle black. Since you were willing to spend your own money on timber, why did you take away what was earmarked for flood prevention instead of buying it from the market? The only reason for doing so is that flood-prevention materials are cheaper or are supplied at preferential prices. With 300 yuan you could get more than 600 yuan's worth of materials. Didn't you thus get 300 yuan's worth of materials free? Trying to cover up their malpractice of getting something for nothing by paying only a small percent of what they should is an old trick of those who appropriate public property. It is difficult to get flood-prevention materials. Many of them cannot be obtained from the market even if high prices are offered. If they are bought with just a little money at the expense of flood prevention, the harmful effect will be the same as that of appropriating flood-prevention materials.

We must severely punish those who use at will floodprevention materials to build private houses and dormitories, and those who harm the public to benefit themselves, or harm the public to benefit a small collective. We must punish those who deserve punishment. If only light punishment is meted out, we are actually conniving with the offenders.

How should we deal with leading cadres who gave permission for others to use flood-prevention materials for other purposes, but who do not use such materials themselves? How should we deal with leading cadres who knew about such despicable acts but remained indifferent? In those cases, we should also find out who is to blame for improper leadership work and mete out punishment according to the seriousness of each case. Doing favors at the expense of principles or making gifts with public property, and keeping one's mouth shut although knowing full well about a malpractice are not the style of a party member cadre at all. We should not belittle the harmful effects of this decadent and philistine style either, because without such style, the unhealthy practice of using flood-prevention materials for other purposes would never have run wild. To attain the goal of having a clean government, we must resolutely struggle against this decadent and philistine style.

For some time in the past, it has been exposed in newspapers and magazines that some localities have used for other purposes, at will, funds for helping the poor, materials for relieving victims of natural disasters, and funds for education. Some of these cases have been seriously dealt with, while others have remained unsettled for a long time, or have been regarded as minor matters. The latter cases have aroused the indignation of

the public. How will the case of using flood-prevention materials for other purposes in Hanshou County be dealt with? The broad masses of readers will wait and see.

Commentator Views Corruption in Shenzhen Customs HK0711013188 Beijing RENMIN RIBAO in Chinese 2 Nov 88 p 1

[Commentator's Article: "What Kind of People Do We Need To Guard the Pass?"]

[Text] A serious case of accepting bribes from smugglers, a rare one since the founding of the PRC, was uncovered at the Kowloon Customs Office, Shenzhen. This has given us much food for thought with all its shocking impact.

There is no need to explain what harm is done to the nation and the people by smuggling and trading in smuggled goods. The acceptance of bribes from smugglers by customs officials to work hand in glove with smugglers so as to make things easier for them should never be tolerated by the law of the state.

The customs is an important post safeguarding the honor and interest of the state. Every member who works at customs should at any moment give the interest of the nation and people supreme importance like any soldier guarding the nation's territory. The customs is a pass, which requires concerted efforts by all members on this post and strictness of duty to successfully fulfill the sacred mission entrusted to them by the nation. A strong dyke is liable to collapse if ants should bore holes into it; a solid fence would not keep wild dogs away should there be holes in it. Should some scums who are willing to sell out national interest for their personal gains emerge in our customs, it would turn into something like a dyke with boring ants and a fence with holes. To enable the customs to fully perform its lofty duty, to efficiently crack down on the criminal activities of smuggling and trading in smuggled goods, we should not for one moment loosen our guard against the betrayal of the customs by accepting bribes from smugglers, not for a moment should we slacken our struggle in this area.

Involved in this case were some young customs officials that were bribed by lawbreaking Hong Kong businessmen. This fact is particularly noteworthy. We are certain that the majority of the customs workers are loyal to their duty. However, there are actually a handful of people, who have regarded work at the customs as a "lucrative post," and could think of nothing else but a windfall. Others could not resist the temptation of money, women, nice food and wine and all kinds of pleasure, and have gradually become corrupted. To strengthen the education in ideal and discipline, professional ethics, and anticorruption; to be strict with control and institution; and to firmly weed out those corrupted elements are the needs for building a contingent of customs officials who can stand the test.

Commentator on Strict Enforcement of Prohibitions HK0411083188 Beijing RENMIN RIBAO in Chinese 30 Oct 88 p 1

[Commentator's article: "A Good Way To Deal With Those Who Ignore Prohibitions]

[Text] During a factory anniversary celebration, the Huabei (North China) Pharmaceutical Factory extravagantly spent some 360,000 yuan in public money. This can be considered a typical case of "disobeying orders and defying prohibitions." They wanted to show off their achievements using the anniversary celebration but unexpectedly came to an inglorious end.

All units and individuals turning a deaf ear to the central authorities' repeated injunctions, and those who persist in their old ways regardless of what people say, should be mentally prepared to act as a negative teacher and to be investigated and held responsible; to have their misdemeanors publicly exposed in newspapers. This is aimed at strictly enforcing laws and decrees and teaching a lesson to those people who fail to keep a clear head in the face of cardinal issues of right and wrong so that they can wake up to reality through their painful experiences and no long dare to regard the central authorities' relevant regulations as a trifling matter, thus becoming really well-disciplined.

Performing one's official duties honestly and abiding by law and discipline are the most fundamental political qualities required from the vast numbers of cadres, in particular, leading cadres. Had leaders of the Huabei China Pharmaceutical Factory acquired this quality, they would not have spent money like water. We really do not know how much resources the factory has accumulated and how many a 360,000 yuan its leaders have to waste. Even if it has abundant funds, it does not have the right to squander public money and spend freely the money earned by its employees' hard toil.

Anything, good or bad, done by large enterprises which occupy a decisive position in our country's economic life, like the Huanbei Pharmaceutical Factory, is highly influential. If large enterprises in their hundreds or thousands in our country set an example in practicing frugality and being honest and clean, millions of enterprises throughout the country will be able to make new outstanding achievements following their good example.

In the anniversary celebration case of the Huabei Pharmaceutical Factory, none of the cadres inside nor outside the factory ever refused the gifts presented to them. We wonder if these cadres ever felt uneasy when they received the gifts. And we also wonder how they felt when they learned of this piece of news today. I think they are not so apathetic as to make no response at all.

We can no longer let off such cases and deal with them in a perfunctory manner. While improving our laws and regulations and closing loopholes, we must strictly enforce law and discipline. Those who violate law and discipline should be investigated and dealt with according to the law and party and government discipline, no matter who he is, how senior his rank or how large his work unit is. Discipline inspection, supervisory, auditing, and judicial departments should display the spirit of taking the initiative in hitting out, and not just investigate and deal with those who violate law and discipline after the higher authorities have issued "written instructions," because the people have long vested them with authority.

People's Courts Urged To Punish Economic Crimes OW0411130688 Beijing XINHUA Domestic Service in Chinese 0813 GMT 3 Nov 88

[Text] Beijing, 3 Nov (XINHUA)—The Supreme People's Court issued a circular today, urging all local courts to firmly implement the guidelines set forth by the 3d Plenary Session of the 13th CPC Central Committee and handle all trials properly.

The circular says: Centering on the mission of cleaning up the economic environment and improving economic order, all local courts should properly handle all criminal cases, making every effort to achieve a breakthrough during the handling of major cases. All local courts should firmly and harshly punish all serious economic crimes, especially "bureaucrat profiteering"—activities of abusing official authority to achieve windfall profits through speculating on important production materials and popular consumer goods in short supply—and investigate the criminal responsibilities of those who are in charge and directly responsible. At the same time, they should continue to make all out efforts to strike at all crimes that seriously jeopardize public order to create a stable social environment for cleaning up the economic environment, improving economic order, and strengthening reform in all fields.

The circular says: While continuing to strike hard at economic crimes and those who jeopardize public order, all local people's courts should handle all cases properly. For cases concerning civil and economic affairs, they should pay special attention to matters relevant to circulation of goods and strengthening reform in all area For administrative trials, they should take legal action that can facilitate the improvement of economic order. People's courts at all levels, especially the grass-roots people's courts and tribunals, must pay attention to mediating all types of frictions and disputes arising from cleaning up the economic environment and improving economic order to prevent any sharpening of contradictions and unexpected incidents.

The circular points out: According to the third plenary session's requirement of dealing with issues through "five channels" at the same time, all local courts should continue to strengthen their ties with public security,

procuratorial, supervisory, commercial, taxation, custom, and banking departments. Under the unified leadership of party committees, they should work in coordination with one another and strictly enforce laws to intensify the macroscopic regulation and control of economic life together.

The circular stresses: People's courts are the state's law enforcing organs. Whether they can enforce laws honestly and impartially has a direct bearing on the masses' confidence for the socialist legal system and the image of the party and the state. This being the case, people's courts must pursue even higher standards, set stricter requirements for themselves, and set an example of integrity and honesty. The small number of lawless and indisciplined law enforcement personnel must be harshly punished and not tolerated.

Correction of Enterprises in Hong Kong Planned HK0711012388 Hong Kong WEN WEI PO in Chinese 6 Nov 88 p 1

[Dispatch from correspondent Liu Jui-shao (0491 6904 4801): "Ministry of Foreign Economic Relations and Trade Straightens Out Its Organizations in Hong Kong"]

[Text] Reliable sources disclosed that, China's Ministry of Foreign Economic Relations and Trade has already received an order from the State Council to rapidly straighten out organizations in its ministry in Hong Kong. An ad hoc group has been set up, with Vice Minister Wang Pinqing taking charge of the work.

With the gradual decentralization in recent years, governments at provincial, city and even county levels have power to sanction local units to set up overseas companies to promote foreign trade. That should have been a good program. However, loopholes and administrative problems in operations have led to the mushrooming of overseas companies of every description, with varied qualities and even unhealthy management; while the Ministry of Foreign Economic Relations and Trade was kept in the dark about companies' statistics, and control over them was out of the question. Companies in this category had no trouble in setting foot in Hong Kong, and their number grew rapidly. It has been very difficult for the hinterland and Chinese departments stationed in Hong Kong to control them.

When the Ministry of Foreign Economic Relations and Trade was entrusted by the State Council to conduct the relevant work, one point was first clarified, namely, organizations set up by Chinese companies in Hong Kong and overseas are the offsprings of opening to the world and the reform. They should be affirmed if they are in proper operation. Therefore, the chief targets of the straightening, and weeding out of organizations with Chinese capital in Hong Kong are mainly those companies of unhealthy management, and those who are engaged in improper production and operation. Specifically, they fall into the following categories:

- 1. Government-sent companies. Relevant departments may reexamine and sanction their establishment. Regarding those questionable, needless, and repetitive ones, they will be straightened, and even weeded out.
- 2. Fly-by-night companies. Companies in this category have never engaged themselves in economic activities of productive and industrial investments, while going in for selling and reselling materials and equipment to fish for exorbitant profits. Many people holding a one-way exit visa to Hong Kong have also set up companies of this sort.
- 3. The activities in the operation of materials and equipment in short supply by some companies stationed in Hong Kong under the jurisdiction of some major organs at ministerial, commission, or provincial and city levels will also be straightened out.

The most thorny issue for the Ministry of Foreign Economic Relations and Trade in the course of straightening out is that, with the exception of those companies within the jurisdiction of the central authorities, ministries and commissions, it is completely in the dark concerning how many organs with Chinese capital of various categories at various levels exist in Hong Kong. At present, a more feasible way to find out is to start with departments at various levels at home, to investigate at every layer the companies these departments approved for establishment in Hong Kong, and to weigh whether their means and nature of operation are normal before a list of companies to be straightened up is made. Even so, not all problems can be resolved, because only those companies with their establishment in Hong Kong sanctioned can be found out. It will be rather difficult to investigate those companies set up without sanction, and those companies who have not registered themselves as Chinese organs stationed in Hong Kong. The only solution to this is the cooperation of relevant departments in Hong Kong to find out something about such companies from their registered materials at the relevant administration under the Hong Kong authorities. This will be helpful to unfold the straightening out with better efficiency in an all-around way. Even so the difficulties can still be great, and the interest factors involved can be rather complicated.

Word spread that it is initially estimated that the number of companies to be weeded out cannot be very great, while others can continue their operation after being straightened out, without affecting foreign economic relations and cooperation. Regarding those companies to be weeded out, their contracts signed will be taken into consideration, but it will depend on the specific conditions. Straightening out things in this way will be favorable to Hong Kong's prosperity and stability.

Private Enterprises Encouraged, Prospering OW0411152588 Beijing XINHUA in English 0754 GMT 4 Nov 88

[By correspondents Yang Futian and Shang Lu]

[Text] Beijing, November 4 (XINHUA)—Private enterprise, which was suppressed for a long period in the past, now is encouraged by government policy and is going full steam ahead.

In Shisi, a newly emerging city in coastal Fujian Province, the private business constitutes the mainstay of the local economy. The city, with a population of 240,000, now has a dozen private enterprises each with a total annual output value of over ten million yuan, of which three have an annual output value each of over 30 million yuan.

Wenzhou City, which piloted the country's private economic development, now has more than 20,000 private enterprises. They make up the principal part of the city's economy and increased the local tax revenue for the state to 600 million yuan in 1987 from 80 million yuan in 1976.

Shanghai has more than 70,000 private enterprises, or nearly one third of the nation's total. They engage in industries, mining, transportation, commerce, service trades and aquatic production.

Their rapid growth is attributed to encouragement from the central and local governments. Taking Shisi for example, private enterprises can borrow money from state - owned banks for technological renovation, conduct direct economic negotiations with foreign firms and equally enjoy the same rights as those granted to state - owned enterprises in the use of land, according to Liu Chenyie, mayor of Shisi City.

Benefiting from these policies, the Shisi Bra and Garment Factory, run by former farmer Song Taiping, has exported 200,000 U.S. dollars worth of products and will promote its annual output value to 30 million yuan this year, doubling the figure for 1987.

Even Zhao Ziyang, the general secretary of the Chinese Communist Party's Central Committee, encouraged Song, one of the nation's best known private entrepreneurs, to "just go ahead boldly with your business" during his inspection of the factory at the beginning of this year.

The new trend is that shareholding is becoming a major approach to developing private enterprises, and the private economy is mixing with the collective and state-owned economies.

In Fuzhou, capital city of Fujian Province, many economic entities have been set up through the joint efforts of private, collective and state - owned enterprises. Boards of

directors have thus been organized for joint management of such entities. And many collectively - owned enterprises harbor private branches or workshops.

Since the central government called for the development of a foreign market -oriented economy in coastal areas at the beginning of this year, a large number of private enterprises have shifted to production for export. Private enterprises in Ningbo City alone can provide products for export worth more than ten million yuan.

Moreover, private enterprises in Fuzhou, Xiamen and Lianyungang have won their local governments' support and organized themselves into chambers of commerce. Private entrepreneurs have been assured that the current rectification of the economic order will not restrict the development of the private economy.

"Our policy toward the private economy is to encourage and support its growth. We demand that private entrepreneurs abide by the relevant laws and regulations, but on the other hand, we safeguard their legitimate rights and interests," said Meng Fulin, deputy secretary of the Anhui Provincial Communist Party Committee.

Meanwhile, Ge Lin, an associate professor of economics from Nanjing University, described the private economy as being congruous with China's economic level and its reality. "China's private economy is apt to develop further," he said.

Private Entrepreneurs More Prevalent OW0611152988 Beijing XINHUA in English 1244 GMT 6 Nov 88

["New Private Entrepreneurs Rising in China (by correspondents Yang Futian and Shang Lu"—XINHUA headline]

[Text] Nanjing, November 6 (XINHUA)—A big number of new private entrepreneurs, many of whom having become millionaires, are now rising in China as encouraged by government policy.

To the Chinese mind, the "capitalist" is a ruthless exploiter of workers whose only interest is carving out huge profits for himself, and the general public today are sometimes resentful towards these new millionaires who have acquired huge fortunes in just a few years.

However, an economist observed that the private entrepreneur of today and the capitalist of the old society before New China was founded in 1949 are different in many ways and operate in entirely different environments. In fact, entrepreneurs in China today make it a point to behave in a different manner.

One of these entrepreneurs, Chen Zhehong, a 35-yearold general manager of the Zhehong fashion shop in Nanjing City, Jiangsu Province, is regarded less as a boss than an "elder sister" by her employees. Employees are encouraged, rather than forced, to offer a better service to customers. An employee, failing to make a sale to a customer after providing her with eight dresses to choose from, was disappointed. But Chen told her that her efforts to give a good service were reward enough.

"If you want a prosperous business, you should treat your employees as you treat your family members," Chen said. She herself has seen the rewards of such philosophy. She has opened two new shops to sell imported high fashion dresses.

Her view is shared by Yang Donghong, general manager of the Wenshan Decorative Building Material Company in Xiamen City, Fujian Province. "Caring about others is more rewarding than caring about my property and personal comforts," he said.

As a millionaire with assets of two million yuan, Yang was reluctant to spend 100 yuan on an expensive lighter. But he happily paid for an apartment for one of his employees who was having difficulty in getting housing.

He provides employees with life insurance, pensions and training. He even encouraged employees to organize their own trade union. "The success of an enterprise is the realization of a person's values and the improvement of his moral qualities," Yang said.

In addition to thrift and attention to employees' concerns, entrepreneurs have, of course, to be enterprising. They cannot simply afford to rest on their laurels—and their capital. "Many of us may have enough money to live in comfort off interest alone. But we don't want to live a parasitic life," said Zhang Jingchang.

He is the main shareholder of the Jiangdong Wooden Furniture Factory in Nanjing City, an enterprise set up by his younger brother Zhang Jingman.

He said that every single nickel is reinvested in the factory. "Next year, we'll expand the factory and increase the annual output value to 1.5 million yuan from the present 600,000 yuan," he said.

Enterprise can involve risks as well as rewards, and there have been some spectacular failures. Perhaps the most prominent of these is the case of the "melon seeds king", Nian Guangjiu. He built up a prosperous business only to see it collapse as he was harsh towards his workers. An illiterate, he now has debts of 900,000 yuan. Poor management is also blamed for his demise.

Hong Kong Paper Views Bankruptcy Laws HK0611035988 Hong Kong HONGKONG STANDARD (CHINA TODAY Supplement) in English 6 Nov 88 p 2

["Eye on China" column by Wu Zhong: "Bankruptcy Law Becomes a Symbol of Beijing's Push for Efficiency"]

[Text] The People's Republic of China's Law of enterprise bankruptcy came formally into effect on Tuesday, making China the second socialist country after Hungary, to have a law of bankruptcy. But so far no state-owned enterprise has been reported bankrupt. Probably all state-owned enterprises do not need, or are not allowed by the government, to announce bankruptcy.

There are also reasons, both in theory and in practice, to doubt if a law of bankruptcy could ever work in China, though the law was no doubt made and put into practice with the very sincere hope of improving productivity and work efficiency, the problem which troubles every socialist country.

Present Chinese enterprises are organised on the basis of classical socialism, under which everything in the society belongs to the people with workers as the leading class.

In an enterprise, workers are supposed to be the owners and masters. And every one in the society is entitled to be provided a job by the state and a factory worker is at the same time one of its owners.

It is based on such ideas that China has developed a very rigid and awkward system, when enterprises are concerned. Under such a system, an enterprise has no right to recruit employees by itself but must take whoever the state assigns to it. Nor does it have the right to fire any worker with a poor performance.

And as long as he lives, a worker could stay in the factory and, no matter whether he works hard or not, get raises on time and enjoy all the same welfare privileges as others.

Under such an idealistic system, one would work hard only if he were a workaholic or stimulated by a peculiar enthusiasm or conscience. Unfortunately, revolutionary slogans do not generate as much enthusiasm among Chinese workers today for socialist construction as the Communist Party requires. A position in a state-owned enterprise is so secure and so well paid-off that no one wants to easily give it up, either. Quite many now prefer to work lazily to save energy to make extra money during off work hours.

This is a management problem brought about by ownership. Theoretically, it seems possible to improve management without making any change in the ownership. This is exactly what the Chinese Government has been trying to do.

This approach, however, meets many difficulties in practice.

Over the past few years, under a reform programme, heads of some factories have been given greater power in management.

They have the right to punish any worker with misdeeds by reducing his bonus, his salary, or even to fire him. But almost all meet strong resistance. Some have even been beaten and killed. We have several officially reported cases.

Wang Shuqin, a woman entrepreneur in Northeast China, was murdered a few months ago.

On August 4, He Xiangrong, a woman manager of a bath house in Parbin, the capital city of Heilongjiang Province, was beaten tortured, stripped naked and photographed over more than five hours by one of her workers who was punished for graft.

On September 24, a worker in Nanchang Canned Food and Beer Factory attacked the factory head at his home with a knife and badly injured him, and his wife and daughter.

And just a few days ago, on October 31, Pang Maohua, director of the No 4 Refrigeration Plant was stabbed to death in his office by a worker he had fired.

These are serious but not exceptional casees. We can add a lot more to the list. Surely there should be no mercy shown to those criminals. On the other hand, however, all these cases indicate that socialist ideas have been so deeply rooted in Chinese workers' minds that they would probably risk their life to seek revenge on anyone whom they think has deprived them of their right to enjoy the "advantages of socialism".

So imagine the workers' reaction if the director of an enterprise suddenly announced bankruptcy—especially since the law now states that any employee of a bankrupt enterprise would be given only a few paid months to find jobs somewhere else.

If they can not find anything in that time they become unemployed. Things seem to be getting tougher.

Even if the Chinese Government takes some special measures to protect leaders of enterprises as some provinces have, even if the Chinese Government is prepared for political unrest caused by bankrupt enterprises (these can be taken as almost certain), there are yet some other difficulties.

Most enterprises in China are state-owned. Leaders of the enterprises only conduct the management. In this sense, they are employees, too. And, as with other employees, whether the enterprise makes money or goes bankrupt, is not tied directly to their own interest.

Thus in some sense they may do not care very much about the fate of the enterprises they are in charge of. For those with special skills or abilities, to run a business of their own may be a better way to make money. Or they may find better positions in some Sino-foreign joint ventures.

And the question is: Who cares about the bankruptcy of a state-owned enterprise?

The employees of the enterprise do not care, they care only about not losing the so-called "iron rice bowl". Leaders of the enterprise do not seem to care about it either.

This is not a fanciful point. As a matter of fact, when the law of bankruptcy was drafted and put into practice in some provinces on a trial basis, leaders of many state-owned enterprises applied for bankruptcy. They could hardly be blamed, because managing a state-owned enterprise in China is no easy task. Not much return but a lot of suffering.

Looking at it this way, the law of bankruptcy may too easily be turned into an excuse for irresponsible bureaucratic directors to get rid of their responsibilities for the mismanagement of the enterprises, since they do not have much to lose in the action.

Except for private or semi-private enterprises, only the state seems to be responsible for and care about the bankruptcy of an enterprise since the state is the owner.

What could the state gain from bankruptcy of a stateowned factory? Not much except for the opportunity for reorganisation. And probably the law is aiming for this.

With reorganisation those surplus and unqualified personnel could be laid off and production be re-oriented.

This is the focus of the present reforms. But it could have been done without a bankruptcy law. In the planned economy, all this can be achieved by orders from the state instead.

Therefore, the fact that China has adopted a law of bankruptcy is of significance. It shows that China is doing a big experiment trying to achieve what other socialist countries cannot.

On the one hand, the Chinese leaders have pledged on many occasions that China will never change its socialist system. That means no change will be made in its state ownership.

But, on the other hand, the adoption of the law seems to tell people that China is introducing capitalist mechanisms in the management of enterprises.

So what China is doing is to alienate its enterprises, to bring them into confrontation with the state so that the state can impose laws or regulations on them.

Without changing the public ownership, however, this may be achieved to a certain extent but no further. As stated above, no one but the state has direct interests in the bankruptcy of any state-owned enterprise, and it is the responsibility of the state to take care of the bankrupt enterprises. And the alienation ends up right at this point and new round of the game will start.

This is not a complete alienation. Enterprises are still owned by the state and as such are part of the state. How the state would take legal action on a part of itself, it would be interesting to see. Given the obvious difficulties, we can only hope the bankruptcy law does not become a big burden for the Chinese state.

XINHUA Feature on Coal Purchasing Frustration OW0411132388 Beijing XINHUA Domestic Service in Chinese 0011 GMT 3 Nov 88

["The Frustration of Coal Purchasing Personnel: Scenes of China's Coal Market" by XINHUA reporters Cui Jizhe and Feng Yizhen—XINHUA headline]

[Excerpts] Beijing, 3 Nov (XINHUA)—"Speculating officials" have powers and "individual speculators" have money. But what do coal-purchasing personnel of state-run enterprises, who are caught in the middle, have except endless frustration? During our travels, we often met travel-worn purchasers whose difficult job is to buy coal for their enterprises. During our conversations, they revealed their frustration and anger. [passage omitted]

A section chief of a state-run fuel company complained about the hardships of a purchasing trip. The whole process of coal-purchasing, starting from submission of the purchasing plan for approval, making sure that the coal supply is secured, applying for rail shipment, shepherding the shipment to the point of arrival, unloading, storing and delivering the coal to its buyers, is a hectic job. A purchaser usually has to travel around four or five provinces or cities to complete the job. [passage omitted]

After much traveling and hardship, one can be almost at the point of concluding a deal. But this is just the begining of endless frustration, because in the end you will find that your hopes are in vain. Some officials with certain powers or some individuals with money have already beaten you to it. Now almost every prospective coal purchaser is afraid to even make a business trip. But what can they do about it?

Late at night, some dark shadows jump over the fence of a guesthouse. They are not thieves. They are coal-purchasers. Knowing that a cadre able to fulfill their coal purchasing plan has arrived at the guesthouse late at night, they find out the number of his room. Afraid to disturb him, they slip an introductory message into his room. In hopes of getting the first chance to see him, they wait outside all night.

When there is a coal auction, people from some provinces will reserve the whole guesthouse in the hope of blocking their competitors. In order to have fewer competitors, they would prefer having the extra rooms unoccupied than to let other people move in. But other persistent purchasers will rent a humble cottage so that they will not lose their chances.

Purchasing coal is not just a competition of experience and persistence. The growing practice of presenting gifts to key personnel is also a headache. One purchaser said: In the past, one piece of silk quilt cover or a tin of Nestle's coffee would be good enough. But now things have changed. The current practice is to present refrigerators, color TV sets, gold ornaments, or cash as gifts. Purchasers from an orange-producing area presented oranges to the key personnel. They carried boxes of oranges all the way from their county. Despite being thirsty and sweaty all over, they did not eat one single orange. However, one profiteer did better than that. He lit a cigarette for the cadre, showing a gold ring hidden in a match box. After lighting the cigarette, he left the match box there without a word. That tilted the balance of coal distribution.

One purchaser said: They asked me rather casually whether any "old comrades" came along with us. I knew that what they referred to was 100-yuan bills, on which four old revolutionaries are pictured. Since we are from state-run enterprises, we cannot afford to hand out cash. But someone else can give them whole packages or even whole sacks of cash. How could we not shudder when we saw things like this? [passage omitted]

Decries Middleman Profiteering
OW0611211688 Beijing XINHUA Domestic Service
in Chinese 0037 GMT 31 Oct 88

[By XINHUA reporters Cui Jizhe and Feng Yizhen: "While Both Ends Suffer, the Middlemen Become Rich"—XINHUA headline]

[Excerpts] Beijing, 31 Oct (XINHUA)— What we have seen and heard on China's coal market.

A metric ton of fine-quality coal produced in Datong costs no more than 30 yuan in Shanxi. But when profiteers sell it in southern China it can fetch anywhere from 300 to 330 yuan, nearly 10 times its original cost. While coal users are groaning under the burden of skyrocketing coal costs and producers are working harder than ever to make ends meet, profiteers have become filthy rich. While producers and users suffer, middlemen have become rich. That is currently the strangest phenomena in China's coal market.

These reporters recently made a news gathering trip to various coal markets.

In the 1st half of this year the price of a metric ton of coal was about 130-140 yuan on the market. Then it rose to 180-200 yuan in the 3d quarter. And the price is still rising since the start of the 4th quarter. The reporters recently witnessed the price of a metric ton of fine-quality coal from Datong rise to 330 yuan in Taizhou Prefecture, Zhejiang; and lump coal from Jincheng, Shanxi, selling as much as 400 yuan or more per metric ton. Even at such exorbitant prices some localities are still unable to get coal. Under these circumstances,

rampant profiteering becomes inevitable. Profiteers from military organizations, government agencies, state and collective enterprises, and even individual businesses are converging at coal mines, railways, and harbors, to sell and resell coal to others or among themselves. It is reported that several tens of thousands are engaged in this activity.

While the price of coal is doubling and redoubling, coal mines have not made a nickel in profit. In China's largest coal producer, Shanxi Province, rising raw and processed materials' costs have caused coal mines' economic results to drop year after year. Technical innovation is at a stand-still because of fund shortages. All this is bound to impact negatively on coal mines' reserve strength. [passage omitted]

Under pressure of high coal costs many coal-using enterprises have been driven to the wall. Because 70 percent of the coal used by the Linhai Cement Plant in Taizhou Prefecture, Zhejiang was bought at very high prices, production costs per metric ton of cement has risen to 250 yuan, 62 yuan higher than last year. By July this year the plant had accrued a total loss of 100,000 yuan. Since production costs soared with the skyrocketing cost of coal, Linhai Chemical Fertilizer Plant could no longer continue because more output meant only greater losses. Thus it had to stop production altogether 3 months ago. To compensate for the soaring cost of coal, many village and town enterprises have to shift the cost to consumers by raising their products' prices.

A most serious problem is that profiteering in unbudgeted coal has jeopardized the normal supply and shipment of budgeted coal. Despite overfulfillment of their respective quotas by both coal mines and railways, the coal needs of some state-guaranteed key enterprises as well as coal used for people's daily living are often not met promptly.

At the China National Controlled Coal Distribution Corporation the reporters saw emergency telegrams arriving one after another from various provinces and municipalities. The one from Shandong Province said that coal supply for the January to August period was 1.7 million metric tons short of the target, of which 700,000 metric tons were for power generation with the remaining 1 million metric tons for daily living consumption. One-third of Shandong power plants have used up all their coal reserves and are facing work stoppages. The shortage of coal for daily use in Qingdao, Jinan, Yantai, and other major cities is worsening daily. [passage omitted]

A Zhejiang Province cadre, who has been dealing in coal for over 30 years, makes this estimate: The cost of shipping 1 metric ton of unbudgeted coal from Datong, Shanxi, to Shanghai plus all other normal costs along the way is at most 110 yuan or a little more, which means that profiteering individuals or units have lined their pockets with over half the buyers money. Currently some profiteers have even sold coal supply contracts. An

agreement of intent on coal supply can be sold and resold four to five times with the price rising one notch with each resale. [passage omitted]

During our news collecting we ran into snags time and time again. Despite their great suffering, coal users dared not "bare" the inside story and they have even kept the individual or unit profiteers' secret. If they dared to speak out, the coal profiteers could immediately cut off their supply even if they were willing to pay high prices. It is reported that not a few have suffered these consequences.

What merits our attention here is that this strange phenomenon in China's coal market is still continuing, and its disastrous effect is becoming more obvious every day. Some enterprises and cadres have asked these reporters to make the appeal that rectification of China's coal market can no longer be delayed.

Foreign Trade Volume Marks New Record OW0611113888 Beijing XINHUA in English 0640 GMT 6 Nov 88

[Text] Beijing, November 6 (XINHUA)—China's import - export foreign trade volume in September reached 8.98 billion U.S. dollars, CHINA DAILY BUSINESS WEEKLY reported today.

This was an increase of 26.8 percent over the same month last year, according to the State Statistics Bureau. The export value topped 4.01 billion U.S. dollars, a rise of 19 percent, while the import value registered an increase of 34 percent to 4.97 billion U.S. dollars, the paper reported.

The nation's trade deficit in November stood at 960 million U.S. dollars.

Exports to Hong Kong and Macao rose 27.1 percent to 1.64 billion U.S. dollars; to Japan they increased 25.5 per cent to 690 million U.S. dollars; to the United States they were as 1.8 per cent to 290 million U.S. dollars; to the Employee Community they rose 32.3 per cent to 410 million U.S. dollars; to Canada they declined 33.3 per cent to 20 million U.S. dollars; and to the Soviet Union they dropped 8.3 per cent to 110 million U.S. dollars.

The import value from Hong Kong and Macao was 1.12 billion U.S. dollars, an increase of 47.4 per cent; from Japan, 930 million U.S. dollars, up 12 per cent; from the U.S., 630 million U.S. dollars, up 142.3 per cent; from the EC 720 million U.S. dollars, up 16.1 per cent; from Canada, 180 million U.S. dollars, up 63.6 per cent; and from the Soviet Union, 150 million U.S. dollars, a rise of 25 per cent.

New Law To Cut Income Toxes for Foreign Firms HK0711044588 Hong Kong SOUTH CHINA MORNING POST in English 7 Nov 88 p 1

[By Lulu Yu]

[Text] Faced with a sharp downturn in foreign investment, China is set to make a dramatic concession to overseas investors by lowering profit taxes.

According to China's top taxation official, Mr Jin Xin, the Finance Ministry is putting together a new law which will lower corporate income taxes for foreign investors by at least 17 percent.

The law would combine two existing laws which currently subject foreign-funded companies in China to tax impositions of up to 50 percent.

When the new laws is in place, the maximum rate will be no more than 33 percent for all firms regardless of whether they are fully or partly foreign-owned, said Mr Jin, director of China's State Taxation Bureau.

The growing number of foreign-funded companies, including joint ventures, cooperatives, contractual joint ventures and wholly-owned foreign enterprises set up in China over the past decade of economic reforms, has led to a review of its maze of laws and regulations which investors found confusing.

The comprehensive tax law, which is in an advanced drafting stage, is expected to receive approval next year from China's legislature, the National People's Congress.

China's move to introduce further tax concessions to foreign businessmen comes amid signs of declining overseas investment and is clearly aimed at attracting more capital from outside the country.

Mr Jin also told the SOUTH CHINA MORNING POST in a telephone interview that Hong Kong investors would be given the same preferential treatment accorded to foreign businessmen in China after 1997.

"Hong Kong people will continue to enjoy the same tax and other business incentives provided for foreign investors after Hong Kong becomes a Special Administrative Region in 1997," said Mr Jin.

Mr Jin's assurance came amid worries that Hong Kong investors would lose their status as foreign investors after 1997 since the provision of preferential treatment for locals, who will be Chinese nationals, is not spelt out in the present draft of the Basic Law.

The issue was one of a number of business concerns expressed by the American Chamber of Commerce which sent a delegation to lobby Beijing earlier this month.

The American delegation, which had meetings with senior trade and finance officials as well as Mr Lu Ping, secretary general of the State Council's Hong Kong and Macao Affairs Office, urged the Chinese Government to simplify its tax laws and take steps that would avoid double taxation for foreign investors.

The issue of double taxation has grown with increasing business done in China in recent years. A number of business and professional bodies have voiced concern that some of Hong Kong's less sophisticated investors could run into large problems due to their lack of expertise in China trade.

Tax experts say because of fundamental differences between tax systems in Hong Kong and China, everything needs to be spelt out in writing to avoid misunderstanding.

And while the creation of tax treaties between China and Hong Kong is out of the question, there have been calls for more formal agreements to avoid double taxation for both individuals and companies.

"We naturally welcome China's move to simplify and reduce corporate income taxes for foreigners. The laws at the moment are very complicated and there are questions that need to be answered," said Mr Archie Parnell, tax consultant of Esso oil company and head of the taxation committee of the American Chamber of Commerce, yesterday.

Mr Parnell pointed out that double taxation could arise when personnel employed by foreign companies travelled frequently to China.

In China, the individual income tax is salary tax levied according to a person's residence and source of income, regardless of citizenship. It is imposed at progressive rates ranging from five percent to 20 percent.

Non-residents and those who have lived in China for less than a year are taxed only on income gained within China, but an employee of a foreign company could be taxed if his income for services performed within China is borne by what the Chinese call a "permanent establishment" of that employer in China.

Tax authorities in Hong Kong and China are understood to be in the final stages of drawing up a memorandum of understanding which will include clearer definitions of when and to whom a China investor and his employee should pay taxes.

Mr Parnell said thee was also considerable confusion over the classification of foreign companies, and hence which tax law applied to them, in China.

The joint venture income tax is a corporate income tax which applies to equity joint ventures established under the Joint Venture Law, 1979. It is levied at a flat rate of 30 percent, plus a local surtax that would yield an effective total tax of 33 percent.

The tax on 100 percent-owned foreign companies, on the other hand, comes under the Foreign Enterprise Law and is imposed at progressive rates ranging from 20 percent to 40 percent, with a local surtax making the effective top rate of 50 percent.

The proposed new tax law will incorporate provisions in both the Joint Venture Law and the Foreign Enterprise Law but will put a ceiling on a rate which does not exceed the present top rate for joint ventures, said Mr Jin.

Scholars Explain Unfairners of Income System OW0511191788 Beijing XINHUA in English 0805 GMT 5 Nov 88

[Text] Beijing, November 5 (XINHUA)—Chinese scholars here believe that the unfair system where the professionals receive much lower pay is polarizing society and making the social structure unbalanced. It has become an obstacle to social and economic development, according to today's "CHINA DAILY".

Fan Yifei, a scholar of the Ministry of Finance, described the wage management as unfair, saying it was drawn up under economic conditions that have long gone by. There is still no adequate method to readjust personal incomes.

In refuting the "iron [rice] bowl" (a secure job), one of the main features of the personnel system, he said, a good job or a high position should earn a high wage.

Wang Jiuying, an editor of the economic page of GUANGMING DAILY, believed the basic cause of income inequalities is the difficulty some enterprises encounter in adapting to a commodity economy without freeing the old pay system.

Wang said the reform of income distribution has hardly made any headway. The result, he added, is those who work in enterprises have various sources of income while those who work in institutions have to be contented with their basic wages. As the central government is budgeting smaller funds for salaries, the government cannot readjust personal incomes.

Wang said as the central government delegates power to the localities, each local authority scrambles for investment and preferential rights to consolidate their own interests. This has caused differences in income levels among different localites, he said. Xin Changxing, a research fellow in the Ministry of Labour and Personnel, said "the old idea holds that brain work is not real work. Although the intellectuals are esteemed as a state policy, many people, especially workers, ignore it."

Xin said government efforts to raise the basic wages of intellectuals will be opposed, at least initially.

Fan Yifei urged establishment of a comprehensive market system, adding that the government should open the labor market to create an environment of competition on equal basis.

The tax system should be reformed and the government should strengthen the management of the tax, Fan said. The reform of income distribution should rely on a forceful tax system. The personal income tax floor should be lowered.

Wan Runnan, manager of the stone company, said that many intellectuals could raise their incomes by involving themselves in enterprises and markets. He said it is undesirable that some intellectuals now try to earn high wages through officialdom.

Xin Changxing listed the governmental financial support as the fundamental solution to the problem. In many developing countries, intellectuals earn more than workers. So, he said, the Chinese Government should raise the intellectuals' wages.

Planning Commission Circular on Slowing Growth OW0611070488 Beijing XINHUA Domestic Service in Chinese 0025 GMT 5 Nov 88

[Text] Beijing, 5 Nov (XINHUA)—The State Planning Commission recently issued a circular on controlling the current excessive growth in industrial production in the country. It calls on localities and departments to take effective measures to slow the excessive industrial growth for some time to come and maintain a reasonable growth rate in accordance with various conditions in various areas.

The circular points out: Since the beginning of this year, particularly in August and September, industrial production, propelled by excessive demand, has been growing too fast. The nation's total industrial output value increased 18.3 percent in August as compared with the same period last year, 20.2 percent in September, and 17.5 percent for the January - September period. The nation's industrial production is still overheated, which not only further strains the supply of energy, raw materials and transport, but also aggravates the contradictions in the industrial structure.

The circular calls on localities and departments to promptly make determined efforts either to stop production or to shift to other products from soft-drink bottles, aluminum windows, non-famous make bicycles, air conditioners, all of which are not essential daily necessities and production of which consumes raw materials and electricty that are in short supply. Enterprises that are poorly-managed, lose money, or produce poor quality and unsaleable products should stop or shift production or should be merged with other enterprises. Production with high energy consumption and that is inefficient, such as small-scale production of ferosilicon and aluminum alloys, should be stopped or limited. Enterprises that have overfulfilled their yearly production plan for such machinery and electrical products as ordinary machine tools, automobiles, internal-combustion engines, and industrial boilers should limit their production for the next 2 months and regulate their production for next year according to the state's call for a large cut in the scale of production.

The circular also called for controlling bank loans so as to appropriately slow growth in urban and rural collective industries and industries run by townships. In particular, we should limit the development of small cotton and woolen mills and small tobacco plants that consume too much energy; produce poor-quality products; and compete with other, large enterprises for raw materials. We should firmly stop production or transfer it from those small plants that are already operating.

The circular calls on those coastal areas with excessive industrial growth to slow industrial growth appropriately by taking the availability of energy and raw materials supplies into consideration and coordinating production for the first quarter of next year. It is hoped that these areas will give improving economic effects top priority, try to reduce energy and raw materials consumption, raise product quality and performance, improve the circulation of funds, increase revenues and cut expenses, and avoid the single-minded pursuit of rapid growth at the expense of social effects.

The circular also stresses that in addition to controlling excessive industrial growth, it is necessary to actively readjust product structure, produce more marketable products, and tap communications and transport potentials to increase effective supply. Localites and departments should stress the production and supply of people's daily necessities such as industrial products for daily use,

winter goods, and small commodities and arrange adequate commodity supplies for the new year and lunar new year, as well as production of the means of production that are needed for next year's farm spring planting.

Touching on the work of safety and preparatory work for production in the first quarter of next year, the circular stresses: Localties and departments should look forward as well as backward, strengthen production organization and arrangement work, do a good job in the planned use of electricity and saving electricity and in the production of energy and transportation of raw materials, and strive to reach a normal level of coal stocks at power plants and metallurgical enterprises before cold weather arrives. The circular also stresses: We should step up the procurement of agricultural sideline products, ensure the fulfillment of state purchase contracts, and increase the supply of raw materials for light textile industry. The circular concludes: We should do a good job in equipment maintenance and repair. Power plants in particular should take the advantage of the current drive to control excessive industrial growth and arrange equipment repairs in a planned way. Accidents should be reduced so as to guarantee normal production in the first quarter of next year, and for the whole year.

Height, Weight Statistics of Population Released OW0411150688 Beijing XINHUA in English 0924 GMT 4 Nov 88

[Text] Beijing, November 4 (XINHUA)—The average height of the Chinese male is 1.67 m and the average weight is 59 kg while the average height of the female is 1.57 m and the average weight 52 kg.

This is according to a five - year survey of 25,922 from 18 to 60 years of age for the males and 18 to 55 for the females in sixteen provinces and municipalities.

Sponsored by the Institute for the Standardization and Information Classification, the Palaeoanthropology Institute of the Chinese Academy of Sciences and Fudan University, the survey has been approved by a panel of specialists.

The survey also [word indistinct] the average data for shoulder height, waist, foot and buttock size and some 70 other figures for different age groups.

East Region

Lu Rongjing on Role of Anhui People's Congress OW0311144688 Hefei Anhui Provincial Service in Mandarin 1100 GMT 27 Oct 88

[Excerpts] The sixth session of the seventh Anhui Provincial People's Congress Standing Committee opened on the morning of 26 October. Chairman Wang Guangyu presided over the meeting. Comrace Lu Rongjing, secretary of the Anhui Provincial CPC Committee, conveyed to the meeting the guidelines of the 3d Plenary Session of the 13th CPC Central Committee; while Comrade Yang Yongliang, deputy secretary of the provincial party committee, conveyed to the meeting the guidelines of the Ninth Plenary Session of the Fourth Anhui Provincial CPC Committee.

At the meeting on the morning of 27 October, Fu Xishou, deputy secretary of the provincial party committee and vice governor of Anhui Province, delivered a report on a provincial plan for improving economic environment, rectifying economic order, and strengthening the reform.

Comrade Lu Rongjing said: The Central Work Conference and the 3d Plenary Session of the 13th CPC Central Committee presented guiding principles that are of great significance to our reform and construction henceforth, and have clearly and definitely placed the emphasis of reform and construction in the next 2 years on improving economic environment and rectifying economic order. This is an important policy decision concerning an all-around strengthening of the reform and a sound economic development.

Comrade Lu Rongjing pointed out that the new provincial People's Congress Standing Committee, deeming it its primary duty to ensure and promote reform and taking the strengthening of socialist democracy and legal system as its central task, has stepped up and improved its work in all respects since the beginning of this year. He emphasized: In the course of improving the economic environment and rectifying economic order, we should bring into full play the role of the people's congresses at all levels. We should correct negative and confused phenomena by enhancing the legislative work and judicial supervision, so that we can prosper the productive forces while ensuring honesty in the government and fairness in the society in the course of socialist modernization.

The Standing Committee members conducted serious study and discussion at group meetings. They supported the arrangements made by the provincial party committee for implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, and pledged to implement them conscientiously in consideration of reality. Many Standing Committee members pointed out the necessity to further improve the legal system and the

supervisory role of the people's congresses to promote the task of improving economic environment and rectifying economic order. [passage omitted]

Vice Chairman Zheng Rui presided over the meeting of 27 October morning. Present at the meeting were Vice Chairmen of the provincial People's Congress Standing Committee Su Hua, Ying Yiquan, Kang Zhijie, Chen Tingyuan, Yang Jike, Chen Tianren, and Huang Yu.

Present as nonvoting delegates were Du Yijin, vice governor of the provincial people's government; Wang Chengle, president of the provincial Higher People's Court; and Feng Jianhua, chief procurator of the provincial People's Procuratorate.

Fujian Congress Standing Committee Meeting Opens OW0311150488 Fuzhou Fujian Provincial Service in Mandarin 1100 GMT 27 Oct 88

[Excerpt] The fifth meeting of the Seventh Fujian Provincial People's Congress Standing Committee opened in Fuzhou today. The main items on the agenda are: 1) To study and discuss the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and to hear a report from the provincial government on implementing the guidelines; 2) To hear a report from the inspection group of the provincial People's Congress Standing Committee on the export-oriented economies of Fujian's five coastal cities and on their enforcement of the relevant laws; 3) To hear a report from the Education and Science and Technology Committee of the provincial People's Congress Standing Committee and the Provincial Education Commission on Fujian's implementation of the Law of Compulsory Education and to make appropriate resolutions; 4) To examine and approve the revised draft of "Fujian's Decisions on Stepping Up the Reform of Criminals"; 5) To examine and approve the first draft of the work procedures of the Seventh Fujian Provincial People's Congress Standing Committee; 6) To examine and approve the draft provisional regulations of the Fujian Provincial People's Congress Standing Committee on the work of the Regional Work Committee; 7) To hear a report from the provincial Water and Soil Conservation Committee on water and soil conservation; 8) To hear a report on handling Bills Nos 94, 102, and 118 of the First Session of the Seventh Fujian Provincial People's Congress; 9) To make appointments and removals.

Cheng Xu, chairman of the Standing Committee; and Guo Ruiren, vice chairman, presided over today's session. Vice Governor You Dexin made a report on the implementation of the guidelines of the 3d Plenary Session of the 13th CPC Central Committee by the provincial government. [passage omitted]

Fujian To Publish New Information Journal OW0711034988 Beijing XINHUA Domestic Service in Chinese 1458 GMT 3 Nov 88

[By reporter Shi Zhengyao]

[Text] Fuzhou, 3 Nov (XINHUA)—GANG TAI XINXI BAO [3263 0669 0207 1873 1032 HONG KONG AND TAIWAN INFORMATION JOURNAL], the first journal devoted to the transmission of information, was published here today. The weekly has four pages in folio and will be published in China and abroad. It will selectively publish information from Hong Kong, Taiwan, and foreign countries as well as major foreign-oriented information from Fujian.

Han Peixin Reports to Jiangsu CPC Meeting OW0511063288 Nanjing XINHUA RIBAO in Chinese 22 Oct 88 p 1

[Text] The 8-day Seventh Plenary Session of the Seventh Jiangsu Provincial CPC Committee came to a successful conclusion on 20 October.

At the session, the guidelines laid down down by a Central Work Conference and the 3d plenary session of the party's 13th Central Committee were relayed and studied. Han Peixin, secretary of the provincial party committee, made a work report and addressed the session before its conclusion. The session particularly analyzed the current situation in reform and construction, summed up experiences and lessons, and adopted plans and measures for carrying out the major policy decisions of the party Central Committee. Those present at the session unanimously voiced resolute support for the party Central Committee's major policy decision to improve the economic environment, rectify the economic order, and deepen the reforms in an all-around way." Guided by the guidelines of the 3d plenary session of the party's 13th Central Committee, they were determined to achieve ideological unity, take the overall situation into account, enforce discipline, strengthen their spirit, and carry out the party Central Committee's policy decisions and measures to the letter. This session made it possible for leading comrades at the provincial. city, and county levels as well as for those of various provincial-level departments and institutions of higher learning directly under the provincial authority to better unify their understanding, to acquaint themselves with the major tasks for this year and next, thus strengthening their confidence in surmounting difficulties and deepening reforms.

The session held: The recent Central Work Conference and the 3d plenary session of the party's 13th Central Committee are two major meetings held at a crucial moment. The party Central Committee decided to improve the economic environment and rectify the economic order as the focal point of reform and construction in the next 2 years. This decision was made after thoroughly analyzing the comprehensive economic, social, and political situation in our country, taking into account the overall situation in reform and economic development, and carefully weighing the advantages and disadvantages. The decision reflects the will and wish of the entire party and all the people, and it constitutes an important guarantee for the continuous deepening of reforms and the smooth development of socialist modernization.

The session held: In studying the guidelines laid down by the 3d plenary session of the party's 13th Central Committee and the Central Work Conference, we should note the achievements made through reform over the past 10 years; at the same time, we should soberly realize the seriousness of problems in the current economic life, fully understand the importance and urgency of improving the economic environment and rectifying the economic order, and strengthen our confidence in deepening the reforms in an all-around way.

In the past 10 years since the 3d plenary session of the party's 11th Central Committee, our province, like others parts of the country, has made tremendous achievements in economic construction and other undertakings as a result of reform. A profound change has taken place in people's mental attitude. More important, the longstanding state of being closed has come to an end through reform; old structures are being done away with, and new structures are taking shape. This will produce a profound influence on economic construction and people's cultural life in our province. On the other hand, we also should soberly note that there are indeed many difficulties and problems facing us, such as the excessive rise in commodity prices, the overextended scale of investment in fixed assets, the rapid growth of consumption funds, the rapid industrial growth rate, overheating and confusion in the economic life, and corruption in party and government organizations.

All these problems must be tackled or rectified now. If we cannot promptly and resolutely solve these problems, they will not only hinder the sound development of the economy but endanger the achievements already made in reform and economic construction over the past 10 years. We must fully realize the seriousness of the existing problems, and under no circumstances must we become apathetic and take them lightly. Therefore, we must put the stress of reform and economic construction on improving the economic environment and rectifying the economic order in the next 2 years. Improving the economic environment is aimed mainly at tackling inflation and relieving the tension between demand and supply; and rectifying the economic order is aimed mainly at putting an end to various chaotic phenomena arising in the course of substituting new structures for old ones. The achievements to be made in improving the economic environment and rectifying the economic order should be reflected by the fact that the increase in the price index next year will be obviously smaller than that for this year. This is a task we must make every possible effort to carry out.

The meeting called on party committees and governments at various levels to conscientiously carry out the guidelines of the Central Work Conference and the 3d Plenary Session of the 13th CPC Central Committee, seriously implement major measures of the party Central Committee and the State Council, firmly and effectively improve economic environment and order, and resolutely and properly deepen reform in an all-around way

in order to insure the sustained, stable and coordinated development of national economy. At present, it is necessary to pay particular attention to doing well the following things:

First, it is necessary to seriously improve the economic environment. It is necessary to check all construction projects, curtail the scale of fixed investment, control the excessive increase of consumption, and greatly reduce the procurement of things by various groups in society.

Second, it is necessary to resolutely improve the economic order, especially the situation of confusion in the circulation of commodities. We must resolutely stop the evil practice of wanton increase of prices, straighten out various companies, effectively improve market order, and create favorable conditions for establishing a new order for the socialist commodity economy.

Third, it is necessary to energetically develop production and increase the supply of commodities. We should lay stress on promoting the steady development of agricultural production and place agricultural work in an important position in our leading work. We should firmly fulfill the tasks of production and procurement of grain, cotton, edible oil, and other major agricultural products and properly handle contradictions and other major problems in agricultural production. We should deepen the movement to increase production and practice economy, reasonably adjust production structure, and lay stress on promoting the production of "three high and two low" products, namely products with high auxiliary value, high benefit and high export value and with low consumption of energy and low consumption of raw materials. We should strictly limit the production of items which consume too much energy and a lot of raw materials and items which are in excessive supply. We should aim our goal at producing items with high economic benefit and effectively increasing supplies. We should continue to implement the strategy for developing the coastal economy, continue to lay stress on producing items which can earn foreign exchange and utilizing foreign capital, and vigorously develop the export-oriented economy. We should do a good job in providing supplies to the market and carry out the policy of giving preferential treatment to people who are engaged in the production of agricultural and sideline products. We should strengthen the building of agricultural bases and ensure the production and supply of vegetables and other nonstaple food products and other daily necessities.

Fourth, it is necessary to deepen reform in an all-around way with good leadership and order. While carrying out reform of the price and wage systems, we should also carry out reform at various enterprises, reform of the rural economy, reform in the circulation of commodities, and reform in the political structure.

The meeting emphatically pointed out that it is imperative to strengthen the party's leadership, give full play to the excellent political situation, and insure the smooth implementation of various major policies of the central authorities. Reform has entered into a critical period. In order to overcome difficulties on our advancing road, we must continue to give full play to our party's excellent political situation, effectively strengthen the party's leading role, develop the role of party organizations at various levels as fighting bastions and the vanguard role of all members of the Communist Party, and closely unite with the broad masses of people. We must do a good job in improving the economic environment and order with concerted efforts.

The meeting emphatically pointed out that we should firmly follow the unified leadership of the party Central Committee and enhance our understanding of the overall situation. Ideologically, we should put the interests of the whole and of a long-range nature in the first place and unconditionally obey the policy decisions of the central authorities. We should be resolute and earnest in our actions. We should firmly implement various measures on improving economic environment and order. We should strengthen party discipline and make sure that all orders are implemented and all limitations are observed. We must never practice fraud or comply in public but oppose in private and must never resist the decisions of the central authorities. Toward those party cadres who violate party discipline and state laws, we must handle them in a strict manner and must not tolerate their behavior. Members of the Communist Party, especially leading cadres, must firmly bear in mind the goal of serving the people wholeheartedly. We must strengthen party spirit, be honest in performing official duties, work selflessly for the public interest, and be models for the people.

The meeting pointed out that in order to implement the policy decisions of the central authorities, we must fully whip up the enthusiasm of the broad masses through effective ideological and political work. At present, we should conduct education for the broad masses of party members and people on the current situation in an extensive and deep-going way so as to unify our thinking and heighten our spirit. We should fully and systematically publicize the great achievements made during the past 10 years of reform. We should clearly explain to the masses the existing difficulties and problems in the spirit of seeking truth from facts and the great significance of the policy decision of the central authorities. We must clearly understand the various tasks and measures and consult and work together with the masses in seeking ways and means to solve those difficulties.

Jiangsu's Han Peixin Attends Discussion Meeting OW0311140088 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 28 Oct 88

[Text] On the morning of 27 October, the Jiangsu Provincial CPC Committee called another discussion meeting with nonparty personnel. Han Peixin, secretary of the provincial CPC Committee, and Governor Gu Xiulian, respectively conveyed the spirit of the Central Work Conference and the 3d Plenary Session of the 13th CPC Central Committee to some 100 nonparty personnel from various circles, and briefed them on the provincial CPC committee and provincial government implementation of the two conferences of the CPC Central Committee. They hoped that nonparty personnel would enthusiastically advance opinions and suggestions on Jiangsu's implementation of the major decisions of the CPC Central Committee.

Nonparty personnel taking part in the discussion meeting maintained that the concrete arrangements made by the provincial CPC committee and provincial government on implementing the two meetings of the CPC Central Committee are firm and positive. They particularly referred to the 10 points of attention in the economic work set forth by the provincial CPC Committee and provincial government as conforming to the actual condition of Jiangsu.

The participants pointed out: The decisions and arrangements of the CPC Central Committee and the provincial CPC Committee must be first implemented at all levels of Communist organizations. Party members and cadres must take the lead in implementing the decisions and arrangements, enforce discipline, and do their best.

Some nonparty personnel proposed that in the course of improving the economic environment and rectifying economic order, we must thoroughly deal with the existing problems, avoid putting on appearances and acting perfunctorily. When checking into companies, we should start with upper-level organs and with big companies. We should not only strive to stop the government organs from running companies and abolish various kinds of favorable treatment for companies, but also go one step further to check if companies have engaged in illegal activities; if the companies were found engaging in illegal activities, they should be dealt with according to regulations; the public should know the results; we should strengthen the supervisory role of social opinion.

Some pointed out: Improving the economic environment and the economic order need supporting measures. We should formulate and perfect various economic laws and regulations so that those with ill intentions cannot take advantage of a loophole in the law.

Other nonparty personnel called for more attention to the development of scientific and technological education, saying cutbacks in the scale of capital construction must not made at the expense of reduced investment in scientific and technological education.

Liang Buting Attends Shandong Athletes Meeting SK0411053588 Jinan Shandong Provincial Service in Mandarin 2300 GMT 3 Nov 88

[Text] On the evening of 3 November, the State Physical Culture and Sports Commission sponsored a return meeting at the Nanjiao Guesthouse to express appreciation to the leading personnel of the party, government,

and Army organs and the vast number of people throughout the province who have contributed to holding the 1988 urban athletic games.

During the meeting, Li Menghua, minister of physical culture and sports, delivered an ebullient speech in which he stated: Our country has had its first success in holding the urban athletic games since the founding of the PRC. The success is an outcome of the concerted efforts made under the concern of the CPC Central Committee and the State Council by the Shandong Provincial Party Committee, the provincial people's government, the cities of Jinan and Zibo, and by relevant departments.

During the meeting, Jiang Chunyun, governor of Shandong Province, also made a speech in which he stated: An important reason for the grand and enthusiastic atmosphere, the brilliant performances, and the accomplishments of the urban athletic games is that the State Physical Culture and Sports Commission, the leadership at all levels, and the entire working personnel have conducted concrete leadership and organizational work. In the sense of seeking truth from facts, we have not done enough in this work and the people throughout Shandong Province are ready to make even greater contributions to the country's athletic undertakings.

Attending the return meeting were Liang Buting, Lu Maozeng, Su Yiran, Li Farong, Li Zhen, Zhao Zhihao, Ma Changgui, Li Zichao, (Zhang Zhijian), (Yang Hanwen), Yan Zhuo—more than 300 persons in total.

Yuan Weimin, vice minister of physical culture and sports, presided over the sports return meeting.

Jiang Zemin Stresses Shanghai Economic 'Checkups' OW0411114188 Shanghai JIEFANG RIBAO in Chinese 20 Oct 88 p 2

[Text] At a cadres' meeting sponsored by the Shanghai Municipal CPC Committee and the municipal government yesterday to make arrangements for a general tax, financial, price, and credit checkup, Secretary Jiang Zemin of the municipal party committee stressed: Party and government organizations should make concerted efforts to conduct this general checkup and dare to tackle hard and difficult cases. They must not be accommodating and soft-hearted but bring about a noticeable turn for the better in the chaotic economic situation by conducting the checkup.

Jiang Zemin said: The stress of reform and development in the next 2 years is to be put on improving the economic environment and rectifying the economic order as clearly defined by the 3d plenary session of the party's 13th Central Committee. The party Central Committee has proposed achieveing this goal by taking a series of measures, such as reducing the scale of investment in fixed assets, controlling the fast-growing consumption funds, bringing the issuance of currency under

strict control, and consolidating [zheng dun 2419 7319] groups and companies. The tax, financial, price, and credit checkup is an important measure to improve the economic environment and rectify the economic order as well as a major measure to strengthen the mechanisms of macroeconomic regulations and control.

In his speech, Jiang Zemin expounded the great significance of this general checkup for a steady development of the economy in our country. 1) The general checkup is conducive to checking inflation; 2) It is conducive to putting an end to certain chaotic phenomena in economic work; 3) It is conducive to implementing the policy of consolidating groups and companies while carrying out reforms to create more favorable conditions for the strengthening of reforms; 4) It is conducive to correcting the malpractices of enterprises and institutions and keeping party and government organizations honest and clean; 5) Improving the economic environment and rectifying the economic order are also beneficial to Shanghai in carrying out reforms, opening to the outside world, and steadily developing its economy.

Jiang Zemin said: To make this general checkup a success, it is necessary to overcome or correct some misconceptions of the checkup: 1) Efforts should be made to overcome a lack of confidence in successfully conducting this general checkup; 2) Efforts should be made to overcome the idea of being unrealistically optimistic or taking it lightly and to prevent conducting the general checkup perfunctorily; 3) Efforts should be made to overcome the idea that honest people get the worst of it, and rules governing the general checkup should be conscientiously implemented; and 4) The work in various fields should be promoted through the general checkup.

Jiang Zemin pointed out: There are many favorable conditions for conducting the general checkup this year, and it is entirely possible to carry out this task successfully. He then said: People have had enough of inflation and arbitrary price increases, and many enterprises have suffered from those who have abused their powers to seek personal gain or exorbitant profits or to disrupt the market or public and economic order. The broad masses have long been dissatisfied with this situation and have called for correcting it and vigorously checking the unhealthy trends in economic activities. Conducting the general checkup accords with the wish of the broad masses. The general checkup is to be conducted under the guidance of the guidelines laid down by the 3d plenary session of the party's 13th Central Committee, and this has created a favorable economic environment for the successful conduct of the general checkup. Meanwhile, the party Central Committee and the State Council have laid down not only the principles and policies but a whole set of specific rules and measures for the general checkup. Therefore, it can be said that time is opportune for the general checkup, and we should be confident of making it a success.

Jiang Zemin set the following requirements: Party and government organizations should make concerted efforts to conduct the general checkup. Leading bodies at the municipal, district, and county levels should set up strong leading groups for this purpose and organize teams of core members who, with ideological unity, have a relatively high level of knowledge of policy to conduct the general checkup. Large numbers of Communist Party members and leading cadres at various levels should study and implement the guidelines laid down by the 3d plenary session of the party's 13th Central Committee and conscientiously make a self-checkup according to the provisions set forth in a State Council circular. It is mandatory to investigate thoroughly and deal sternly with cases of violating the law and discipline, driving up prices, disrupting the market, lining one's pockets with public funds, corruption, or taking bribes. We should dare to tackle hard and difficult cases no matter what cadres are involved in them. We must enforce the law strictly and must not be accommodating and softhearted. We should do ideological and political work while conducting the general checkup. Through the general checkup, we should bring about a noticeable turn for the better in the chaotic economic life, educate large numbers of cadres and workers in the theory of socialist commodity economy, and strengthen their concept of the legal system; we should effectively stop negative and corrupt phenomena from spreading and considerably improve the thinking, quality, and mental attitude of large numbers of cadres and people in the municipality.

In conclusion, Jiang Zemin stressed: One of our urgent tasks is to invigorate big and medium-sized enterprises, and the invigoration of such enterprises is the starting point and end result of the general checkup. Through the checkup, we should create a favorable economic environment and invigorate enterprises, especially large and medium-sized enterprises. In conducting the checkup, we must not try to smother enterprises in any way, and this is a crucial question. We must resolutely implement the guidelines of the party Central Committee, act according to Shanghai's actual conditions, and conduct this general checkup successfully to promote a sound and steady development of the economy.

Correction of Jiangsu Leaders at Party Meeting

This correction pertains to the article headlined "Jiangsu Leaders Attend Party Plenary Meeting" published in the 28 October China DAILY REPORT, page 49:

First column, fourth paragraph, second sentence should read: ...spirit of the 3d Plenary Session of the... (changing number)

Fifth paragraph, first sentence should read: ...guidelines of the 3d Plenary Session of the... (changing number)

Central-South Region

Henan's Cheng Weigao Stresses Price Inspection HK0511043788 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 4 Nov 88

[Excerpts] According to HENAN RIBAO, Governor Cheng Weigao has pointed out that in carrying out the major price inspection, it is first essential to tackle the provincial organs and units and Zhengzhou City. The party and government leaders at all levels must take the lead in action, tackle the problems personally, carry out simultaneous inspection and correction, and stimulate the work over whole areas. Apart from relying on the price, industry and commerce, and other economic supervisory departments in this work, it is also necessary to mobilize all departments, sectors, trades, and units to take spontaneous action to seriously conduct their own inspections. Only by making concerted efforts at all levels and establishing a strict responsibility system can we get a good grasp of this major affair.

Comrade Cheng Weigao was speaking on 2 November after he and responsible persons of the provincial and city price and industry and commerce departments had investigated and dealt with a case of speculating in color television sets by the labor services company of the provincial judicial department and other units. On 1 November, Comrades Cheng Weigao and Hu Xiaoyun spent all day listening to situation reports delivered by price inspection groups dispatched to 17 prefectures and cities. He selected two of the cases they reported which involved a number of provincial organs and which have now been basically clarified. On the afternoon of 2 November, he summoned the responsible persons of departments concerned to do on the spot work to help in handling these cases.

The first case was reported by the masses and verified by the provincial price inspection office. On 30 June, the judicial propaganda equipment services department of the labor services company of the provincial judicial department signed a contract with the Zhaolu Trade Company of Shekou, Shenzhen, to buy 500 Meile brand 18-inch color television sets, at 2,400 yuan apiece, for delivery in August to the warehouse of the 760 factory at Xinxiang. [passage omitted] After passing through more than 5 links in the chain, involving over 10 units, these sets were sold to the masses at prices varying between 2,450 and 2,780 yuan.

At the on the spot meeting, in accordance with the relevant state regulations, the provincial price bureau decided to announce the confiscation of all the ill-gotten gains made from this deal by the judicial propaganda equipment services department of the labor services company of the provincial judicial department, the labor services department of the provincial Higher People's Court, the environmental protection company of the provincial environmental protection bureau, the Zhengzhou station of the (?03) unit, and the labor

services company of the provincial bureau for handling people's letters and visits, and imposed fines on them ranging from double to four times those ill-gotten gains. These units expressed their acceptance of this punishment then and there. [passage omitted]

In the second case, the provincial forestry products handling and sales company exceeded the price differential and fluctuation rates in selling timber not covered by the plan, making an income of over 150,000 yuan. However, this company displayed a relatively good attitude in conducting its own examination and submitting a factual report. It was decided to impose a light penalty by only confiscating the illegal income plus a fine of 50,000 yuan.

At the report meeting on 1 November, Cheng Weigao heard that some district bicycle control centers were forcing people to take out insurance; unless this was done, the centers would not issue an embossed stamp for the bicycles. He demanded that the city public security bureau insurance company correct this situation. On 2 November, he went by car to the bicycle control center of the (Jinshui) subbureau of the Zhengzhou City Public Security Bureau. Comrades of the center told him that the regulation originally called for that procedure, but it had been put right beginning 2 November. [passage omitted] At 1730 on 2 November, Comrade Cheng Weigao and his party arrived at the Zhengzhou City Orthopaedic Hospital. A responsible comrade of the hospital reported to the governor on illegalities in substituting commodities for medicine. The various departments of the hospital have caused losses to the state totalling 160,000 yuan by this practice. The units have made illegal profits of 40,000 yuan. Commodities masquerading as medicines include cameras, pressure cookers, wristwatches, electric fans, various elixirs, sanitary napkins, and so on. According to a responsible comrade of the Zhengzhou City Public Health Bureau, this state of affairs prevails at many hospitals in the city, moreover it persists despite repeated prohibitions; the seriousness of the situation varies from hospital to hospital.

Governor Cheng was very angry on hearing this. He said: This is no longer a question of price violation, it is violation of law and discipline and is damaging the state for the sake of the interests of small cliques and individuals. Such a thing throws the public health force into chaos and harms the masses. This is absolutely not reform and invigoration, it is nothing other than lining one's pockets with public funds. In such violations of law and discipline that are diametrically opposed to reform and invigoration, we must not only confiscate all the illegal income but also deal severely with those involved.

In the course of personally dealing with the cases, Giovernor Cheng Weigao put forward four views on how to do a good job in improvement, rectification, and the price inspection:

 Summon up the greatest resolve to improve the economic environment and rectify the economic order.

- 2. The leading comrades must personally get to work and the leading organs must take the lead in inspecting prices.
- 3. Many provincial organs and units operate labor services companies. Certain provincial organs also directly manage operational-style companies. However, in running companies, it is essential to separate government from enterprise functions, observe discipline and the law, and work honestly. We must certainly not use the powers in our hands to indulge in middleman profiteering, and still less is speculation permitted. All illegal operations and ill-gotten gains must be seriously investigated and dealt with.
- 4. All departments, trades, and sectors must practice a responsibility system and get a good grasp of price inspection within their own sectors.

Henan Leader Calls for More Female Cadres HK0711012188 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 6 Nov 88

[Excerpt] A 2-day Henan symposium on cultivating and promoting female cadres concluded in Zhengzhou on 5 November. Our reporter has learned from this meeting that the province has made great progress in cultivating, selecting, and promoting female cadres in recent years, thanks to the attention paid by the party committees and organization departments at all levels. However, the phenomenon of looking down on female cadres exists in varying degrees in certain areas and departments. Female cadres account for a lesser proportion of the total cadre force than in the country as a whole. As a result of the elections for new county and township governments last year, the number of female comrades elected in the counties, districts, and townships dropped by 26. At present, female cadres account for only 3.7 percent of prefectural, departmental, and bureau level cadres, 6 percent of county and administrative office level cadres. and 5.7 percent of section level cadres. This situation is very out of step with the development of reform and construction.

Provincial party committee Secretary Yang Xizong and Deputy Secretary Zhao Di spoke at the meeting. They demanded that the leaders of the party committees and organization departments at all levels realize the importance of cultivating, selecting, and promoting female cadres and focus on this work. [passage omitted]

North Region

Beijing's Li Ximing Speaks at CPC Session SK0511123388 Beijing BEIJING RIBAO in Chinese 16 Oct 88 p 1

[Text] The fourth enlarged plenary session of the sixth Beijing Municipal CPC Committee concluded on 15 October. This enlarged plenary session of the municipal party committee was held in two stages. The first stage was devoted to relaying and studying the guidelines of the 3d Plenary Session of the 13th CPC Central Committee as well as the Central Work Conference. At this stage, participants conducted a warm discussion, maintaining that the central authorities' guiding principle of focusing the reform and construction of 1989 and 1990 on improving the economic environment and consolidating economic order was completely correct, and the various measures set forth by the central authorities were applicable and feasible. Participants pledged unanimously to support the policies of the central authorities, and conscientiously implement these policies in practical work.

The second stage of this session was devoted to examining and discussing the report entitled "Improve the Economic Environment, Consolidate Economic Order, and Push Forward the Reform and Construction of Beijing Municipality," delivered by Comrade Chen Xitong on behalf of the Standing Committee of the Beijing Municipal CPC Committee; and to discussing the arrangements for the current work. Participants considered this report conformable to the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the Central Work Conference and to the practical circumstances of Beijing Municipality, and thus agreed with it. At the same time, participants offered many good opinions and suggestions on how to implement the guidelines of the central authorities.

Chen Xitong, deputy secretary of the municipal party committee and mayor of the municipality, presided over the closing ceremony held on 15 October. Li Ximing, secretary of the municipal party committee, made a speech at the ceremony.

Li Ximing said: Great changes have taken place in Beijing over the past 10 years thanks to reform and opening-up. During these 10 years, the municipal industrial and agricultural output value has increased 120 percent, and the national income has increased 150 percent. Based on the development of production, a remarkable improvement has been made in the material and cultural livelihood of the urban and rural people. Comparing 1987 with 1978, the per capita net income of rural people went up 380 percent; and the per capita income of urban residents available for living expenses went up 103 percent, after deducting the factor of price increases. Great progress has also been made in culture. education, science, technology, public health, sports, and urban and rural construction. The achievements in the 10 years of reform have been tremendous indeed.

Li Ximing pointed out: The current situation is good; however, many difficulties and problems exist. At present, the people complain and talk much about the obvious inflation appearing in economic activities, the inordinate price hikes, the unreasonable distribution in society, and the corrupt phenomena existing in party and government organs and in society.

As for the difficulties in our economic activities, we should, on the one hand, have a sufficient and clear understanding of the current situation; and, on the other hand, we should not negate the achievements in reform and lose sight of the good situation caused by reform just because of these difficulties. So long as we have a correct understanding of the current situation of reform, and make full use of favorable conditions in various fields, and so long as the whole party and the whole people struggle in coordination with one heart and one mind and firmly implement the various principles and policies defined by the central authorities, we will certainly be able to overcome difficulties on our road of advance.

Li Ximing emphatically stressed in his speech that we must strengthen discipline in order to improve the economic environment and rectify the economic order. He said that a weak sense of discipline, loose discipline, and lax ideology exist generally in both political and economic activities to a serious extent. Formal decrees forbid party and government organs and cadres from engaging in trade or running enterprises. In reality, there are more and more companies and centers of this kind. Arbitrary price hikes are forbidden by formal decrees. However, some people tried every possible means or applied illegal means to raise goods prices. Using public funds to give dinners and gifts and to engage in lavish wining is forbidden by formal decrees. But, some units indulged in ostentation and extravagance to a shocking extent. Arbitrarily issuing cash awards and materials is forbidden by formal decrees. But some units paid no heed and continuously issued cash awards and materials in an arbitrary manner. Such phenomenon of not enforcing orders or prohibitions seriously weakened the combat effectiveness of the party, went against the masses, and brought about more difficulties to reform. Strict discipline is a guarantee for implementing the party's line. That the party unified its action under the order of the party Central Committee is a fine tradition of our party as well as one of our political advantages. At present, we should especially strengthen discipline in the course of improving the economic environment, rectifying the economic order, and deepening reform.

He said: With regard to strengthening discipline, first of all, all departments and units should foster a concept of the whole situation, correctly handle the relationship between the interests of the part and the interests of the whole, and actually ensure that the interests of the part are subordinated to the interests of the whole. A series of principles and policies set forth by the party Central Committee and the State Council on improving the economic environment and rectifying the economic order stand for the fundamental interests of the state and the people. We must implement them to the letter. By so doing it is possible that the interests of the part may be lost and sacrificed to a certain degree and that the part may ensure hardships. We are not permitted to agree to the principles by raising our hands but then not implement them. Therefore, we should be far-sighted and educate all party members and the vast number of cadres

and the people to serve the whole situation. The key to strengthening discipline is that the party, leading organs, and leading cadres should play an exemplary role in this. That the whole party is subordinated to the party Central Committee is the fundamental principle of the party. Attitudes and practices forbidden by party discipline include implementing the decisions and political decrees of the party Central Committee and the State Council according to one's own tastes and publicly or arbitrarily resisting the central authorities' decisions and political decrees. Practices never permitted include lower levels using power delegated to them to act arbitrarily or to do things in their own ways under the pretext of reform, or to sabotage the integrity of laws and decrees.

To strengthen discipline, we must further improve and strengthen supervision and inspection. We should adopt the methods of uniting the people from higher to lower levels and the people within and outside the party so as to strengthen supervision within the party, by the masses, and by the media. Party organizations should regard the enforcement of party discipline as an important content for examining and appraising party-member cadres. All units should gradually carry out the method of publicizing economic work in order to make the people understand the economic activities and exercise supervision.

To strengthen discipline, we must safeguard the seriousness of discipline and enforce discipline strictly. Those who violate party discipline, political discipline, law, and discipline must be handled based strictly on the principle of not giving lenient treatment, not sparing anyone's sensibilities, and not being afraid of giving offence. The municipal party committee and the municipal government should take the lead in improving the economic environment and rectifying the economic order. Simultaneously, leading organs and cadres should be assigned responsibility. Wherever problems take place, their leaders should be called to account. Party members and cadres, particularly leading cadres, who act in their own way to the neglect of the whole situation, ignore organizational discipline, and violate law and discipline should resolutely be investigated and handled.

In his speech, Li Ximing pointed out: Making party and government organs perform their official duties honestly represents an extremely important and pressing issue concerning party building in the current period. It has a vital bearing on whether the people are for or against and whether the drive to conduct reform and to build modernization succeeds. We must vigorously get a hold on the work of having party and government organs perform their official duties honestly, resolutely wage struggle against corrupt phenomena, and deal strict blows to economic crimes which have damaged the reform drive and the economic order. Although there are few persons who have committed the malpractice of seeking personal gain by taking advantage of power, they would contaminate the body of our party like a pestilence if we were to leave them unchecked. To deal with them we should adopt the following measures: 1) Efforts should be made

to conduct education on wholehearted devotion to public duties and observance of law and discipline among party and government organs and their working personnel to upgrade the consciousness of party members and cadres in performing official duties honestly. 2) Efforts should be made to establish or improve various systems concerning honest performance of official duties, including the establishment of centers in charge of receiving malpractice reports and opening official systems and work results to the public, and to enhance the openness of official work and actively accept the supervision of the masses. 3) Efforts should be made to bring into play the role of the discipline inspection commission, the people's procuratorate, and the supervisory bureau in the inspection of legal and administrative discipline. While successfully restraining ourselves so as to perform official duties honestly, we should carry out an earnest examination of major and serious cases and thoroughly investigate elements who have committed the crimes of embezzlement, "speculation" by those with official positions, and swindling.

In his speech Li Ximing stated: The guideline put forward by the central authorities on improving the economic environment and rectifying the economic order is by no means a negative principle, so that we should not set the guideline against economic development and adopt a negative attitude toward the central guideline. We should note that the standard of scientific management among our enterprises and establishments. our economic results, and our work efficiency are not high. However, we have large potential and room for improvement in this regard. We should take our potential and room as a good opportunity in upgrading the comprehensive standard in an overall way. This is just a higher demand provided for enterprises to improve their internal mechanism in a down-to-earth manner, to tap their inner potential, and to stably develop the economy. The task of curtailing the scale of capital construction projects is aimed at forcing enterprises to have no choice but to expand their reproduction by relying on science and technology; the work of curtailing credits and loans is aimed at pressing enterprises to have to speed up fund circulation and to upgrade the rate of fund utilization; and the work of bringing commodity prices under control is aimed at promoting enterprises to lower the consumption of raw materials and energy resource, to reduce their cost, and to upgrade their labor efficiency. The difficulty encountered by the state in financial affairs has enabled enterprises to avoid expecting the state to reduce their tax and profit payment or to improve the base of contracts. On the contrary, they should adopt every possible means or make efforts to hand over more taxes and profits to the state and to make more contributions to the national economy.

All in all, in the course of improving the economic environment and consolidating economic order, enterprises will get nowhere if they still stick to their old way of depending on price hikes, state subsidies, preferential policies, and "father's love" to develop production. The

only way out is to cast their eyes on lower levels; optimize their labor organizations; strengthen scientific management; accelerate technological progress; tap internal potential; minimize consumption of funds, energy, and raw materials; and strive for existence and development by improving the turnover rate of funds, the profit rate of funds, and labor productivity. In the past, large numbers of cadres, workers, and staff members of economic departments made tremendous contributions to developing the capital's economy. Now, in implementing the principles of the central authorities, improving the economic environment, and consolidating economic order, they should enhance their spirit all the more for deepening reform and should regard the principle of improving the economic environment and consolidating economic order as the motive force to step up to a new stage.

Li Ximing stressed: Now is the crucial moment of reform. The tasks of improving the economic environment and consolidating economic order and of comprehensively deepening reform are extremely arduous. To attain these tasks, it is particularly necessary to exploit the party's role as the core of leadership. Party committees at all levels, the municipal party committee and party committees of various districts, counties, and bureaus in particular, should conscientiously maintain political unanimity with the party Central Committee. All the affairs decided by the central authorities must be firmly implemented by every possible means in line with the specific conditions of localities. There are now more than 2,000 grass-roots 'evel party committees, some 4,500 party branches, and some 800,000 party members in the municipality. So long as we can actually mobilize the initiative of all grass-roots level party organizations and all party members, we will be able to overcome difficulties, no matter how grave they are, and to fulfill various tasks, however arduous.

He added: To strengthen party leadership, we must strengthen and improve ideological and political work. We should conduct education on the current situation in a penetrating and sustained way and should have a definite objective in solving the problems with regard to the people's ideology and understanding. In particular, in light of the "hot spot" with which the people are concerned and the ideological doubts of the people, we should make clear the following relationships: the relationship between the good current situation and the existing difficulties and problems; the relationship between the endeavor to improve the economic environment and consolidate economic order; and the endeavor to carry out reform, open ourselves to the outside world, and invigorate the economy; the relationship between the over-heated economy and the maintenance of a due progress rate; and the relationship between the correct understanding of material benefit and spiritual pillar. We should gather the force of all nationalities behind the goal of realizing the four modernizations and revitalizing China. All enterprises and units should also integrate the interests of individuals with those of mass groups in order to strengthen this coherence.

Present at the 15-October closing ceremony were Wang Xian, chairman of the municipal Advisory Commission; Bai Jiefu, chairman of the municipal CPPCC Committee; Xu Weicheng and Wang Jialiu, deputy secretaries of the municipal party committee; and Li Zhijian and Yuan Liben, members of the Standing Committee of the municipal party committee.

Li Ximing Speaks at Beijing Nonparty Forum SK0511111388 Beijing BEIJING RIBAO in Chinese 21 Oct 88 p 1

[Text] On 20 October, the Beijing Municipal CPC Committee invited a number of responsible persons of democratic parties and nonparty personages to hold a forum to solicit their opinions and suggestions on the municipal measures for improving the economic environment, rectifying the economic order, and deepening the reform drive in an overall way.

Li Ximing, member of the Political Bureau of the CPC Central Committee and secretary of the municipal party committee, presided over the forum and also delivered a speech. In his speech Li Ximing stated: Following the 3d Plenary Session of the 13th CPC Central Committee, the Beijing Municipal CPC Committee has informed various democratic parties and relevant mass organizations in the plenary session's spirit. These parties and organizations then also convened meetings to relay the spirit and to hold discussions. The distribution of the report manuscript written by Comrade Chen Xitong on behalf of the municipal party committee and the municipal people's government to all participants today with regard to implementing these measures is aimed at urging all participants at the forum to fully voice their opinions on how to successfully implement these measures.

Voicing their opinions freely and enthusiasticaly during the forum were responsible persons from the democratic parties and nonparty personages, including Tan Yizhi, Tao Dayong, Pu Jiexiu, Chen Mingshao, Chen Zhongyi, Zheng Zhengren, and Zhang Kaiji. In his speech Pu Jiexiu stated: The principle formulated at the third plenary session on improving the economic environment and rectifying the economic order is totally correct. The series of concrete measures made by the municipal party committee for implementing the central principle accord with the municipality's actual situation, and they have enhanced our determination to implement the principle. In his speech Tan Yizhi stated: Generally speaking, the situation is good, but there are still many problems on our road to advancement. I contend that we should work out focal points in improving the environment and rectifying the order and strictly carry out legislation and enforce the law.

During the forum, responsible persons from the democratic parties and nonparty personages, by bearing in mind the municipality's actual situation, raised their opinions and suggestions on the issues of running the party in a strict way, performing official duties honestly, enhancing the political and ideological work, carrying forward democracy, improving legal systems and the systems of commodity prices and education, and of deepening the drive to conduct reform in economic systems.

In concluding the forum, Li Ximing also made a speech in which he stated: Opinions raised by the participants are very good. The municipal party committee and the municipal people's government will study them carefully. he also said that participation in inspection and supervisory work by the democratic parties and non-party personages is always welcome. Also attending the forum were leading comrades, including Wang Jialiu, Zhang Jianmin, Yuan Liben, Bai Jiefu, Sun Fuling, and Li Bokang.

Li Ximing at Beijing PLA Medal Award Ceremony SK0411072788 Beijing BEIJING RIBAO in Chinese 22 Oct 88 p 1

[Text] On the morning of 21 October, the theater of the Beijing Exhibition Hall looked extremely solemn. At the front of the rostrum were 10 red flags surrounding a glittering "1-August" Army emblem. Facing the rostrum were numerous fresh flowers. With a feeling of joy, the 2,141 retired military cadres, who had been resettled in Beijing, received here the medal of honor for meritorious wartime service issued by the Beijing Municipal People's Government and the Beijing Garrison District.

Conferring medals for retired military cadres transferred to local governments for placement is an important component part of the work of conferring medals to veteran cadres of the whole Army. Thus far, Beijing Municipality has placed a total of 2,100 retired military cadres. At the medal award ceremony held on 21 October, 81 retired military cadres were awarded the PLA Independence Medal of Honor and 2,060 were awarded the Victory Medal of Honor.

Li Ximing, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing Municipal CPC Committee, attended the ceremony to extend congratulations on behalf of the municipal party committee, the municipal Advisory Commission, the municipal People's Congress, the municipal government, the municipal CPPCC Committee, and the people of all nationalities throughout the municipality. He said: The large number of retired military cadres are valuable wealth of the party and the people because they fought heroically and worked selflessly during the protracted revolution and socialist construction period and made contributions to the independence of the Chinese nation, the emancipation of the people, the founding of New China, the defense of the motherland, and the modernization of national defence. He expressed the hope that leaders at all levels, with a spirit of being highly responsible for the party and the people, would overcome various difficulties and make great efforts to give appropriate placement and service to veteran comrades so that these veteran comrades could be appropriately resettled in housing, study, medical treatment, recreation, and work, and could spend their remaining years in good health and happiness.

Attending the medal award ceremony were Li Jinmin, Su Zhongxiang, and Feng Mingwei, leaders of Beijing Municipality; Fan Baojun, vice minister of Civil Affairs; and Yan Tongmao, deputy commander of the Beijing Military Region and concurrently commander of the Beijing Garrison District.

Beijing People's Congress Meeting Ends 20 Oct SK0411080088 Beijing BEIJING RIBAO in Chinese 21 Oct 88 p 1

[Text] After completing all items on the agenda, the fifth Standing Committee meeting of the ninth municipal People's Congress satisfactorily concluded on 20 October after a 4-day session.

During this meeting, the committee members listened to the explanation given by Bai Ping, director of the Legislative Office of the municipal People's Congress Standing Committee, on the revised draft of the Beijing municipal regulation on protecting minors and once again examined and discussed this draft regulation. This draft regulation had been submitted to the fourth Standing Committee meeting for examination and discussion, and the committee members had offered opinions for revising and supplementing it.

At the meeting held on 20 October, members once again examined and discussed this local regulation aimed at safeguarding the legitimate rights and interests of minors, optimizing the environment of growth for minors, and promoting the healthy growth of minors. This draft regulation was approved by vote after making necessary revisions and supplements.

At the first Standing Committee meeting of the ninth municipal People's Congress held at the beginning of this year, Dong Sen and 20 other people's deputies raised a motion calling for formulating methods to strengthen the management over individual business households. At this meeting, Lu Dianxuan, deputy director of the municipal industrial and commercial administration bureau, made a report to the committee members on behalf of the municipal government with regard to the handling of the motion on strengthening management over individual business households. The committee members maintained: The development of the municipal individual business households has played a positive, favorable, and supplementary role in providing more jobs for laborers, providing more conveniences for the livelihood of the people, and invigorating urban and rural markets. However, because individual business households employ numerous persons, are scattered about, are frequently on the move, are many and diverse with regard to trades, and involve many fields, the contradiction between the development and management of individual business households has become a conspicuous problem. The committee members suggested it was necessary to strengthen trade management and further improve the coordinated relations among industrial and commercial, tax, pricing, public health, and auditing departments. The committee members also offered opinions and suggestions for strengthening management power, and consolidating managerial organs.

At the 20-October meeting, members also listened to the report by Xu Guoyou, director of the municipal patent management bureau, on implementing the patent law; the report made by Wang Peiyuan, director of the municipal agriculture bureau, on implementation of the "Beijing Municipal Provisional Regulation on Managing the Quality of Crop Seeds;" and the report made by Wang Jian, deputy director of the municipal labor bureau, on implementation of the "Beijing Municipal Regulation on Labor Protection and Supervision."

Chairman Zhao Pengfei and vice chairmen Ma Yaoji and Li Guang respectively presided over this meeting. Present at the meeting were Xing Jun, Tan Yizhi, Tao Dayong, Pu Jiexiu, and Chen Mingshao, vice chairmen of the municipal People's Congress Standing Committee. Attending the meeting as observers were Zhang Jianmin, vice mayor of the municipality; He Fangbo, chief procurator of the municipal People's Procuratorate; and responsible persons or pertinent responsible comrades of People's Congress standing committees of various districts and counties.

Inner Mongolia CPPCC Standing Committee Meets SK0611042788 Hohhot Inner Mongolia Regional Service in Mandarin 2300 GMT 5 Nov 88

[Text] The four-day third Standing Committee meeting of the Sixth Inner Mongolia Regional CPPCC Committee ended in Hohhot on the morning of 5 November.

Wu Ligeng, vice chairman of the regional CPPCC Committee, presided over the meeting. The meeting adopted the resolution of the sixth Standing Committee meeting of the Inner Mongolia Regional CPPCC Committee on implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the suggestion on electing (Lajisheyuan) and (Zuozhentana) as additional vice chairmen of the special committee of the regional CPPCC Committee.

Bu He, deputy secretary of the regional party committee and chairman of the regional government, attended and addressed the meeting. In his speech, he touched on the problems and incidents in the current economic life. He assured the CPPCC Standing Committee members of the party and government's determination and ability to overcome difficulties and to bring the situation under control. He hoped that the people throughout the region, from the higher to the lower levels, would work with united efforts to overcome difficulties.

Shi Shengrong, chairman of the regional CPPCC Committee, and Han Ming, Baoyan Batu, Wang Chongren, Bu He, Yun Shufen, Wu Lan, and Zhang Shunzhen, vice chairmen of the regional CPPCC Committee, attended the meeting.

Kong Fei, member of the Standing Committee of the national CPPCC Committee, also attended the meeting.

Northeast Region

Rally Marks Anniversary of Northeast Liberation

Wu Xiuquan Gives Speech SK0411062488 Shenyang Liaoning Provincial Service in Manda. in 1030 GMT 2 Nov 88

[Excerpts] [Passage omitted] The day 2 November marks the 40th anniversary of northeast China's liberation. To commemorate the glorious day which has a great historic significance, 2,000 persons, including leading personnel of the Shenyang Military Region and the northeast three provinces, representatives from various fronts and various walks of life in the province and Shenyang City, responsible persons from the democratic parties and mass organizations, and cadres from the provincial or city level organs, enthusiastically got together in the Liaoning People's Theater to ceremoniously hold a rally.

At 2030 that evening, the rally presided over by Li Changchun, governor of Liaoning Province, began. [passage omitted]

During the rally, Comrade Li Changchun first read the namelist of the participating leading comrades, [passage omitted], including Wu Xiuquan, Cheng Zihua, Wang Heshou (He Jiyun), Zhang Xiushan, Liu Zhen, Li Yunchang, (Liang Jiye), (Fang Xiang), (Lian Shengping), Han Tianshi, Zhang Mingyuan, Jiao Ruyu, (Yu Pin), Wang Guoquan, (Chen Baichun), (Liu Peizhi), Duan Shuquan, (Wang Yujin), Yang Chunmao, (Peng Ju), Liu Zhenhua, (Zeng Kelin), (Wu Qicai), (Pang Kai), Wu Disheng, Li Zhongyuan, Su Xing, (Zhang Jifeng), Liu Jingsong, Jiang Yonghui, (He Xinxi), Zou Yan, (Yu Guofu), Zhang Jiecheng, (Deng Ye Gao Ke, Li Wenging, Sun Weiben, Hou Jie, Li Gui, Gao Wen, Li Diping, Li Ming, Yu Ke, (Zhang Shuxin), Song Jiehan, Liu Jingzhi, Liu Yunzhao, Guo Feng, Huang Oudong, Li Huang, Zhang Zhengde, Li Tao, Song Ping, Quan Shuren, Dai Suli, (Hu Yuyun), Shen Yue, Wang Guangzhong, Li Changchun, Xu Shaofu, Li Demin, Yang Kebing, Liu Mingjiu, Gu Jingxin, Liu Song, Wang Wenyuan, Zhang Yuming, (Su Yundou), and (Ma Qifang)—a total of 133 persons.

Following the rally's opening, all participants stood and paid a silent tribute to the revolutionary martyrs who had sacrificed themselves to the liberation cause of northeast China. Then, two female youths, on behalf of the people of the northeast three provinces and all commanders and fighters of the Shenyang Military

Region, respectfully presented floral baskets to the veteran comrades who had made contributions to the liberation cause of northeast China.

During the rally, Wu Xiuquan, member of the Standing Committee of the Central Advisory Commission, delivered a speech. [passage omitted] Following his speech, Quan Shuren, secretary of the Liaoning Provincial party committee, also made a speech in which he stated: [Begin recording] By cherishing the memory of our revolutionary martyrs, we are ceremoniously holding a rally today to mark the 40th anniversary of Northeast China's liberation, which indicates that 2 November is a day that can never be forgotten. Now I would like to take the opportunity to first extend the warmest welcome and lofty respect on behalf of the Liaoning Provincial party committee, the Liaoning Provincial People's Government, and the 37 million people of various nationalities throughout the province, to the veteran local armymen, veteran leading personnel, and veteran comrades who are attending the r lly today; to extend the warmest welcome to the delegations of Jilin and Heilongjiang provinces and of the Guangzhou Military Region and to all guests present; and to extend the most cordial regards to all commanders and fighters in the PLA units stationed in the province. At present, our country has entered a new historic period in which the drive to conduct reform has been deepened in an overall way. When we compare our reform work with that of our fraternal provinces, the province's work done in line with the demand of the CPC Central Committee still lags behind. In conducting reform and opening to the outside world, we still have many difficulties and problems which need to be overcome or dealt with. We must deeply and correctly understand in an overall way the spirit of the third plenary session, unswervingly improve the economic environment and rectify the economic order, unswervingly uphold the principle of conducting reform and opening to the outside world, and enhance the party's leadership. Efforts should be made to unite with all party members and the vast number of people to make concerted efforts to wage arduous struggle, to increase production and practice economy, and to mutually fulfill the tasks put forward at the third plenary session to strive for an important and great victory in conducting reform, opening to the outside world, and building the socialist modernization. [end recording] [passage omitted]

During the rally, Liu Jing ang. Sun Weiben, and Gao Wen also delivered speeches respectively on behalf of the Shenyang Military Region, Heilongjiang Province, and the Jilin Provincial People's Government.

Following the rally, leading comrades present at the rally travelled to the Heping Plaza of Shenyang City on cars to participate in the ceremony of unveiling the monument to commemorate Northeast China's liberation. [passage omitted]

During the ceremony, jointly unveiling the monument were Wu Xiuquan, Cheng Zihua, Liu Jingsong, Hou Jie, Gao Wen, Quan Shuren, and Wu Disheng. Li Wenqing, deputy political commissar of the Shenyang Military Region, read the inscription on the monument. Hou Jie, governor of Heilongjiang Province, delivered a speech on behalf of the people's governments of the northeast three provinces, the Shenyang Military Region, and the Shenyang City People's Government. [passage omitted]

Leaders Attend Celebration
OW0411080588 Beijing XINHUA Domestic Service
in Chinese !736 GMT 2 Nov 88

[Text] Shenyang, 2 Nov (XINHUA)—More than 2,000 people from the Shenyang Military Region, the three northeast provinces, and various circles in Shenyang City solemnly gathered here this morning to commemorate the 40th anniversary of the liberation of northeast China. Wu Xiuquan and Cheng Zihua, members of the Standing Committee of the Central Advisory Commission; other veterans who either participated in northeast liberation war or worked in the three provinces as principal leaders of the Northeast Bureau under the CPC Central Committee immediately after liberation; leaders of the Shenyang Military Region, the three northeast provinces, and Shenyang City; and officials of the various democratic parties in Shenyang; 130 in all, attended the meeting.

The northeast liberation war, with the victory of the Liaoshen Campaign as its hallmark, is a major historical event in the annals of China's new democratic revolution. After the War of Resistance Against Japan ended, the party Central Committee headed by Comrade Mao Zedong sent a leading group headed by Comrades Peng Zhen and Chen Yun, 100,000 soldiers, and 20,000 cadres to establish a base in the northeast. After 3 years of hard struggle, the entire northeast was liberated following the victory of the Liaoshen Campaign.

Wu Xiuquan, member of the Standing Committee of the Central Advisory Commission; Quan Shuren, secretary of the Liaoning Provincial CPC Committee; Sun Weiben, secretary of the Henongjiang Provincial CPC Committee; Gao Wen, vice governor of Jilin Province, Lieutenant General Liu Jingsong, commander of the Shenyang Military Region; spoke at the meeting. After the meeting, party, government, and military leaders attending the meeting unveiled the "Monument to the Liberation of Northeast" at the Heping Square in Shenyang.

To mark the 40th anniversary of the liberation of northeast China, a memorial hall of the Liaoshen Campaign was completed a few days ago. Various localities in the three northeast provinces also held historical photo exhibitions, exhibitions on achievements in the 40 years since liberation, and other commemorative activities.

Heilongjiang Shangzhi County Changed to City SK0411053388 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 3 Nov 88

[Text] With the approval of the State Council, Shangzhi County was abolished on 1 October, and Shangzhi City was established at a county level. Shangzhi City is subject to the leadership of the Songhuajiang Prefectural Commissioner's Office, and its administrative area is the original administrative area of Shangzhi County.

Jilin's Development in Foreign Economic Relations SK0611100788 Changchun JILIN RIBAO in Chinese 4 Oct 88 p 1

[Text] Over the past 10 years of reform, a situation of rapid development in foreign economic relations has emerged, the import-and-export trade has been expanded ceaselessly, our province's economic relations with foreign countries have become increasingly strengthened, its foreign trade has been developed from small-scale border trade to the formal setup of outlets in 1980, and the import and export volume increased by a big margin. In 1987, our province's import and export volume totaled \$640 million, an increase of 16.3 times over that of 1978 when the reform work had not been carried out, and an annual average increase of 37.2 percent. The province registered an annual average increase of 3.8 percent during the past 24 years from 1955 to 1978. The total import and export volume in the past 9 years was 4.3 times higher than that in the past 25 years before 1980. Particularly, over the past 10 years, along with the rapid development of agricultural production, the export volume of the products with our province's special characteristics, including corn, soybeans, ginseng, pilose antlers, and royal jelly, increased with each passing year. So, the proportion of import and export trade volume in the GNP has become increasingly higher. To support export trade, our province successively set up bases for production of such export products as ginseng, edible fungi, and soybeans; and 13 counties were defined by the State Council as exported corn production base counties. Meanwhile, the import of large amounts of goods, materials, and commodities effectively supports our province's production and construction. All this has positively helped stabilize the market and improve the people's livelihood. With regard to developing foreign economic relations, our province has broken the outdated concepts, persistently take the improvement of economic results as a central link, bravely use foreign capital, and positively run joint ventures. Over the past 9 years, the province attained 150 agreements on using foreign capital with \$150.76 million involved, and used \$76.85 million in reality. A total of 46 joint ventures and cooperative enterprises were set up. Several comparatively large items, including Changchun City washing machine plant and Changchun No I food plant's cooked wheaten food production lines. were added with loans. The province also scored better

economic results from running the "Changchun-Hong Kong Haohua dress corporation" with investment partially provided by foreign businessmen.

Over the past 10 years, our province paid attention to importing advanced technologies and equipment in the course of developing foreign economic relations. In 1987, the province signed 88 contracts on importing technologies and equipment and the total transaction volume was \$63.18 million. The province has made unified arrangements and coordinated management of imported items based on the method of avoiding blind and repeated imports and giving priority in importing the technologies and equipment with capacity to create foreign exchange through exports and to produce import substitutes. Through importing technologies and equipment, our province has accelerated the pace of enterprise technological transformation, upgraded enterprises' technological level, notably upgraded the quality of products, and sent some of its products to the international market.

Jilin Conference on Deepening Reform Concludes SK0411075888 Changchun Jilin Provincial Service in Mandarin 1030 GMT 2 Nov 88

[Text] The 5-day provincial work conference on deepening reform ended today. The conference heard reports given by Comrades He Zhukang and Wang Zhongyu, introduced the experience of nine units, and discussed six documents on further deepening enterprise reforms. The conference provided us not only with theoretical guidance but also experience and leadership, actively combined them together, and clarified some problems of understanding in promoting the current enterprise reform.

At the end of the conference, Vice Governor Gao Yan, put forward several demands on implementing the guidelines of this conference and how to successfully carry out the next step of enterprise reform work:

1. We should adhere to theoretical guidance focusing on the planned commodity economy, and realistically grasp the orientation of enterprise reform.

After analyzing the existing problems in this field and the necessity of deepening enterprise reform in line with the commodity economic law, Comrade Gao Yan pointed out: The practice of shifting the expansion of enterprises' decision-making power to contracts and from contracts to the stock-sharing system is the general trend of enterprise reform as well as the orientation which we must adhere to. We should clearly understand this and should firmly grasp this orientation.

2. The basic ways to deepen the current enterprise reform are to consider changing enterprises' operational mechanism as the key and giving a free hand in management as the emphasis, to reform the systems internally and grasp other supporting work externally, to optimize enterprise associations, to realistically combine reform

with development and management, to open the province to all directions, to establish new enterprise systems suitable for the commodity economy, and to unceasingly raise enterprises' economic results.

- 3. In line with the principle of making overall plans, implementing them in various steps, and spreading out the work along with other supporting measures, we should promote enterprise reform in an orderly manner, and combine the entire reform with the reform stages and other supporting work. In addition, we should conscientiously implement the six policy documents discussed and revised at the conference on trying out the practice of changing the contract system into stock-sharing system among all state-owned enterprises in order to guarantee a coordinated and orderly advance of reform.
- 4. We should firmly grasp the focal point of combining the economic structure with the production set-up in the course of carrying out our work, and achieve beneficial results in reform in the course of development. While improving the economic environment and rectifying the economic order, we should formulate some reform measures which are conducive to controlling the overly rapid economic growth and readjusting and improving structures. This is the key to integrating reform with development. The way to achieve this is to actively advance all forms of enterprise cooperation and mergence, and guide enterprises to unceasingly develop cooperation, to implement the contract and leasing systems, to merge their businesses with other enterprises or to auction them off, in an effort to promote the accumulation of assets and the rational flow of the essential production elements.

Comrade Gao Yan called for efforts to realistically strengthen leadership over the work to deepen enterprise reform, grasp pilot work, clearly define the responsibility system among departments, strengthen the building of contingents, and grasp the implementation work in a down-to-earth manner.

Jilin Grain Work Conference Concludes 31 Oct SK0611102288 Changchun Jilin Provincial Service in Mandarin 1030 GMT 31 Oct 88

[Text] The provincial grain work conference ended today. It was pointed out at the conference that all localities should grasp the grain purchasing task as one of the central tasks of the current rural economic work and conscientiously implement the state grain purchasing policy. In the light of the existing problems and difficult points in the grain purchasing work, all localities should rely on policies and should strengthen propaganda and education to boost peasants' enthusiasm in marketing grain.

It is necessary to fully use various propaganda means, such as the press and radio and television broadcasts, to educate peasants to enhance their sense of the state, to fulfill the purchase contracts on their own initiative, and to support economic reform and national construction with their actual deeds of fulfilling the contract purchasing tasks and

handling more surplus grain to the state. In addition, grain departments and rural grass-roots cadres should justly and forcefully carry out their grain purchasing work.

The conference relayed guidelines of the national grain work conference and the State Council's decision on strengthening grain management and stabilizing the grain market and relayed and implemented the important speeches of leading comrades, including General Secretary Zhao Ziyang, Premier Li Peng, and Vice Premier Tian Jiyun, on the necessity of grasping the grain work problems well. Comrades attending the conference maintained that the province's grain output this year surpassed that of the bumper harvest year of 1987 and that this has laid a good foundation for successfully carrying out this year's grain purchasing work. This good trend shows that we have fully sized up the situation.

The conference emphatically analyzed some prominent problems facing the current grain work. First, there is a comparatively short supply of marketable grains for urban residents and there are sharp contradictions between the supply and demands of rice. Second, the rapid rise in grain market prices and the difficulties in purchasing work have made the purchases more difficult. Third, the purchasing funds are seriously short.

As for how to solve the aforementioned problems, the conference, after repeatedly hearing briefings from various city, prefectural and autonomous prefectural departments in charge of grain work, studied and formulated measures and methods for successfully carrying out grain work. The conference put forward that the key to analyzing the grain situation and making good arrangements for grain and oil lies in unifying thinking, doing our work well, taking the whole situation into account, strictly observing discipline and law, uniting our thinking with the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and with the State Council's decision on the grain issues, working with one heart and one mind, proceeding from the overall situation of stabilizing grain supply, submitting ourselves to the policy decisions and management of the provincial party committee and government, doing our work conscientiously and meticulously, overcoming the current difficulties, and guaranteeing the smooth progress of all fields of work, the fulfillment of the grain purchasing tasks and the normal supply of grain and oil in an effort to stabilize the grain market.

During the conference, Vice Governor Hui Liangyu gave a speech on how to successfully carry out this year's grain purchases, and how to strengthen leadership over grain work. Vice Governors Gao Wen and Hui Liangyu also held dialogues with responsible comrades of various cities, prefectures and autonomous prefectures and the provincial departments concerned on how to do a good job in the province's grain purchasing work, and studied methods for solving the related difficult problems.

Northwest Region

Gansu Leaders Urge Developing Grain Production HK0711005388 Lanzhou Gansu Provincial Service in Mandarin 0000 GMT 7 Nov 88

[Excerpts] On 5 and 6 November, provincial party committe Secretary Li Ziqi, Governor Jia Zhijie, and responsible comrades of provincial departments and bureaus concerned did on the spot work in Jiuquan Prefecture and held a forum with responsible comrades of the prefecture and of Jiayuguan City on how to ensure the fulfillment of this year's grain procurement task and strive for new levels in grain production.

Jia Zhijie pointed out that the economic situation in Jiuquan Prefecture and Jiayuguan City is very good this year. In particular, they have achieved record grain output. [passage omitted] He said: From now on, if there are price fluctuations during the grain delivery process over the course of a year, the provincial authorities will in all cases provide subsidies to iron out the price differentials so as to protect the peasants' interests. In future the main production materials, especially chemical fertilizer, will be mainly linked to grain.

Li Ziqi said at the conclusion of the forum: Great achievements have been scored in recent years in building the Hexi marketable grain base. We must cherish and develop this excellent situation, further perfect the contracted responsibility system based on the household, with payment linked to output, increase investment and science and technology input in the land, and continually improve the production conditions so as to ensure that agricultural production, especially grain, rises by no less than 5 percent a year. [passage omitted]

On improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms, Li Ziqi said: We must unswervingly implement the spirit of the two central meetings, and also unswervingly develop the productive forces in conjunction with our own reality. Improvement and rectification work is very beneficial for strengthening agriculture. We must seize this opportunity to speed up agricultural development in Gansu, especially in Hexi.

Shaanxi Plant's Integrated Circuits in Satellites HK0711081388 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 7 Nov 88

[Text] The No 691 plant under the Ministry of Aviation Industry and the Ministry of Astronautics Industry has achieved good results in developing integrated circuits which are badly needed in the country's high technology field and have made contributions to our astronautics undertaking and the building up of national defense.

The No 691 plant is a factory which specially develops and manufactures semiconductor integrated circuits for the Ministry of Aviation Industry and the Ministry of Astronautics Industry. Beginning in 1982, the factory made special efforts to develop the (she mo si) high technology integrated circuits of the 4000 series which were badly needed domestically in those days, and successfully extended the use of them step by step. Such integrated circuits are used in many of our satellites, especially in the No 1 Fengyuan satellite launched this year, and have amply satisfied the needs of all sectors of society and stopped the impact of foreign-made integrated circuits on the domestic market.

Lately, experts from different areas of the country tested and evaluated the (she mo si) integrated circuits of the 4000 series and other products and ascertained that the reliability and technology of the integrated circuits have reached the highest standard of integrated circuits for our military use and have taken the lead in the home market.

Xinjiang Reports Bumper Grain, Livestock Harvest OW0511014988 Beijing XINHUA Domestic Service in Chinese 0634 GMT 30 Oct 88

[By RENMIN RIBAO reporter Zeng Kun, XINHUA reporter Lan Xueyi]

[Excerpts] Urumqi, 30 Oct (XINHUA)—Xinjiang has achieved bumper harvests in both agriculture and livestock breeding for the 11th year in a row.

According to the estimate of a department concerned, the region's total grain output this year may reach between 11.8 billion and 12 billion jin, up 2.4 percent from the previous year. Its output of cotton equals that of the last year, despite the reduction of the cotton area. The region has also overfulfilled its oil-bearing crops production plan. Its sugar beet output is up 14.5 percent. The region had 1 million more head of livestock at the end of the year. Meat output is 30,000 metric tons more than that of the previous year, while wool output is up by 3,500 metric tons. The autonomous region will provide 500 million jin of grain to other provinces and regions this year.

An important reason the region is able to make longterm, sustained growth in agriculture and livestock breeding is that it always treats agriculture as the foundation. The regional party and government leadership has repeatedly stressed the importance of agriculture and livestock breeding, saying that only when agriculture and livestock grow can there be strong border defense, strong unity among the nationalities, and accelerated development of the entire regional economy. [passage omitted]

The autonomous region has upheld the development of productive forces as the criterion and pushed forward reform suitable to the conditions of the local agricultural and pastoral areas. Different kinds of responsibility systems are implemented in over 90 percent of the region's nationalities areas. [passage omitted] The region has done a good job of capital construction, focusing on water

conservancy projects. During the last decade, the autonomous region has built 36 water reservoirs, dug 104 wells, and constructed 101,800 km of water diversion channels, expanding the irrigated area to 51 million mu.

While striving to ensure steady growth in grain production, the autonomous region has also vigorously developed cotton, sweet beet, melon, and fruit production, and continuously readjusted and improved the agricultural and livestock production mix. During the last decade, the region's cotton area has increased from 225 mu [as received] to 5.34 million mu, while the total output increased 4 times. Today livestock breeding in the region's agricultural area accounts for 40 percent of all the livestock bred in the region, and the meat output accounts for 45 percent. [passage omitted]

Xinjiang Production Corps Increases Output OW0511201788 Beijing XINHUA in English 1323 GMT 4 Nov 88

[Text] Urumqi, November 4 (XINHUA)—The Xinjiang Production and Construction Corps, China's largest state farm complex, scored a nearly nine percent increase in the combined value of its industrial and agricultural output this year over last.

The value will reach 3.75 billion yuan (about one billion U.S. dollars) this year, a quarter of the total for the Xinjiang Uygur Autonomous Region, a corps official said here today.

The corps was set up by demobilized soldiers of the Chinese People's Liberation Army in 1954 to protect and develop Xinjiang, China's largest border area.

It was joined by middle school graduates from Shanghai and other major cities in the 1960s.

Now, it manages 10 agricultural divisions, three farm administrations, one construction division, five colleges, 171 farms and 314 factories. It has a total workforce of 900,000.

Since 1954, it has harnessed 10 major rivers, and has built 56,000 km of irrigation canals and 91 major reservoirs.

Meanwhile, nearly one million hectares of wasteland have been reclaimed from the desert, and 21 million tons of grain and one million tons of cotton produced.

Corps-run factories manufacture 1,000 kinds of goods, including cement, chemical fertilizers, building materials, textiles, paper, refined sugar, leather and liquor.

A quarter of the workers' families have moved into new homes over the past five years. The average annual wage per worker was 1,400 yuan last year. Assemblymen Urge End to U.S. Rice Export Pact OW0511093488 Taipei CNA in English 0236 GMT 4 Nov 88

[Text] Wufeng, Central Taiwan, Nov. 4 (CNA)—Taiwan provincial assemblymen Liao Chi-lu and Yu Shen Thursday urged the government not to renew the rice export pact between the Republic of China and the United States which will expire at the end of 1988.

In a Taiwan Provincial Assembly interpellation, the two assemblymen said that the five-year bilateral agreement limiting Taiwan's rice exports is unreasonable and that the United States should not pressure the Republic of China to extend or renew the accord.

In reply, Li Feng-ming, director of the Taiwan Provincial Food Bureau, pointed out both his bureau and the cabinet have always agreed that the agreement should not be renewed.

Prime Minister Yu Receives Visiting Economist OW0511223988 Taipei CNA in English 1108 GMT 5 Nov 88

[Text] Taipei, Nov. 5 (CNA)—Premier Yu Kuo-hua received Dr. Martin Feldestein, former chairman of the Council of Economic Advisers to the U.S. president, and his [passage indistinct] Saturday at the Executive Yuan.

Premier Yu extended his warm welcome to the Feldesteins. He told Feldestein several major changes in the Republic of China's [ROC's] economic policy and backgrounds behind those changes. The premier also explained why the ROC, despite its high savings rate, can maintain a low inflation rate.

Answering a question from Feldestein on Mainland China's economic prospects, Yu noted that the Peiping regime must abandon communist economic system if it really wants to resolve its current economic problems, such as high inflation and low labor productivity.

The Feldesteins arrived in Taipei last Sunday for a weeklong visit.

Editorial Urges No Spying Across Taiwan Strait OW0511130588 Taipei LIEN HO PAO in Chinese 26 Oct 88 p 2

[Editorial: "Both Sides of Taiwan Strait Should No Longer Send Agents To Spy on Each Other"]

[Text] It has been reported that the security agency of Fujian Province on Mainland China recently announced that it had uncovered a "Taiwan espionage" case and arrested a man and a woman.

We have no idea what motivated communist China to suddenly announce such a case, nor do we know what it is all about. Putting two and two together, this announcement by communist China and the discovery not long ago of several cases of communist China's infiltration into Taiwan, makes it apparent that even to this day both sides of the Taiwan Strait are still continuing outdated hostile and destructive espionage and counterespionage activities against each other.

In the past 40 years during their long confrontation across the Taiwan Strait, though any large-scale military conflict has been rare, neither side has ceased sending secret agents to conduct sabotage and gather intelligence. Being part of basic security work and inevitable in any military confrontation, these activities, however, should be carried out so as to meet certain needs of a military plan. Otherwise, spying just for the sake of sabotage is a waste of money and human lives and has no significant meaning whatsoever.

Realistically speaking, the confrontation now between both sides on the Taiwan Strait has apparently transformed into a political issue, not a military one any more. The Government of the Republic of China on Taiwan, since the beginning of the 1960s, has in fact abandoned any armed counteroffensive against Mainland China. On the other hand, although communist China to this day has never expressly indicated it will not use force against Taiwan, the possibility of using force against Taiwan in reality has been shrinking with time. Communist China, for instance, has of late considerably reduced its military deployment and activities in the Fujian area across the Taiwan Strait, an indication of this trend. As it stands now, the necessity of continuing to send spies for military purposes is open to doubt.

In addition, if communist China one day ever elects to use force against Taiwan, the military action would in no way be anything like an attack by a massive fleet of fishing boats as envisioned 30 or 40 years ago, nor would it be like a surprise attack by a few naval vessels. Instead, it would be a large-scale joint attack by ground, sea, and air forces. If that were the case, it would not only be detected by us 1 or 2 months in advance, but also have no way of escaping the monitoring of U.S. surveillance satellites. What is more, if communist China actually began amassing its forces to be used against Taiwan, such an action would directly affect the normal activities in the Fujian area. Now that tens of thousands of Taiwan visitors are sightseeing or staying in Fujian every day, it would be unlikely that they would not notice any such attempt by communist China. Therefore, "Is it really necessary to send a handful of people to spy on commu-nist China's military activities?" we would like to ask.

Apart from military intelligence, there is really no need to send spies to infiltrate each other if either side on the Taiwan Strait wants to know everything about the other. Taiwan is now a very open society. All its political, economic, and social activities and information are

carried in newspapers. All that communist China has to do is to subscribe to several Taiwan newspapers, do a in-depth analysis and study, and it will get all the political, economic, and social intelligence it wants, without the need to send people to infiltrate Taiwan. On the other hand, though still a closed society, the situation in communist China has improved substantially. Many social problems are no longer completely concealed, and we are able to grasp the actual situation on the mainland. Besides, whatever we cannot obtain openly, we are not likely to get by sending spies. Moreover, what is it within communist China today that is so particularly important a secret that it is worth our effort to seek out? What would we gain if we knew? And what would we lose if we did not know? Thinking this over, we feel more than ever that it is really unnecessary for both sides of the Taiwan Strait to send spies.

Now that we have allowed our people to visit relatives in Mainland China and soon we will also allow mainlanders to visit sick relatives on Taiwan, what both sides on the Taiwan Strait most need and should strive for is to treat each other openheartedly, cultivate and foster the right kind of atmosphere for reconciliation, and improve mutual understanding, instead of widening misunderstanding and suspicions. Under the current situation, if either side tried to send spies to conduct improper activities on the other side, it would tamper the warming atmosphere between both sides that has just been appearing on the horizon. For example, this year there will be over 400,000 people going to Mainland China to visit relatives and do sightseeing. Accustomed to Taiwan's lifestyle, these people act and talk as they like without any constraints, which the security agents in Mainland China nevertheless accommodate. Even when some of them take pictures in restricted areas without permission, they are not disturbed. But if ever "Taiwan spies" with the intention of gathering intelligence are found among these visitors and tourists, future visitors and tourists from Taiwan will be suspected and watched and the whole situation will be reversed.

Therefore, in the face of this new complex and sensitive situation between both sides of the Taiwan Strait, it is high time for both sides to figure out how to avoid agitating or harming each other unnecessarily.

Legislators Advocate Talks With Mainland OW0511033488 Taipei International Service in English 0200 GMT 29 Oct 88

[Text] A group of legislators of the ruling Kuomintang [KMT] are taking active steps to force the government to get rid of its policy of no contact, no compromise, and no negotiation with Mainland China.

(Wang Tsu-wen), sponsor of the move, said they plan to invoke Article 57 of the ROC [Republic of China] Constitution to make the cabinet accept their view. The article says in part, quote: If the Legislative Yuan does not concur with any important policy of the Executive Yuan, the cabinet, the legislature is entitled to request the cabinet for reconsideration; unquote.

Wang said he expects more than 50 other KMT colleagues to endorse the move. He portrayed the three-no policy as an act of self-debasement. He thinks, he said, the authority is suffering from an inferiority complex.

According to the outspoken legislator, all forms of contact with the mainland should be permitted, except when the contact has political significance or when it can take a high profile approach.

Wang said negotiation should be allowed and compromise should be accepted, except on the questions of national security and political principles.

President Li Urges Caution Toward Mainland OW0511034188 Taipei International Service in English 0200 GMT 30 Oct 88

[Text] President Li Teng-hui said on Friday: The authorities tend to resolve problems in a period of social transition before working out a final goal of the reunification of China. Li made the statement during a meeting of the ruling Kuomintang [KMT] in his capacity as party chairman.

He said the KMT should focus on building a new society and economic system to resolve old problems and determining a new direction for development. During changes in international and domestic conditions, the president said it is necessary to adapt new methods to promote a new era.

Li also said it is very important to maintain national security when seeking continuous democratic reforms. He emphasized the importance of being cautious in handling the policy toward Mainland China.

Private Group Participation on Mainland Viewed OW0411120988 Taipei CNA in English 1557 GMT 3 Nov 88

[Text] Taipei, Nov. 3 (CNA)—The cabinet-level Mainland Affairs Task Force decided Thursday to lift a ban on participating in all private international academic, cultural, and sports activities held on the China mainland.

Representatives from the interior, education, and national defense ministries participated in Thursday's meeting with Premier Shih Chi-yang presiding.

According to the measures just approved by the task force, local people will be allowed to attend those civilian academic meetings and sports and cultural activities on the mainland, sponsored by international organizations of which the Republic of China [ROC] is a member.

Applications will be handled on a case-by-case basis for activities sponsored by international organizations of which the ROC is not a member.

All ROC delegates to mainland activities must abide by the government's "no contacts, no negotiations, and no compromises" policy. Any violations of the "Three No's" policy and the nation's laws will be duly punished.

The task force, however, decided to continue the ban on local resident participation in activities [word indistinct] by the Chinese Communists in third countries. Nor will joint sponsoring of meetings with Chinese Communists in third countries be permitted.

As to whether mainland counterparts will be permitted to visit Taiwan for similar purposes, Shaw Yu-ming, spokesman for the task force, said that the problem was too complex and could not be discussed until the next meeting slated for mid-November.

According to the principles, National Taiwan University students will not be permitted to jointly sponsor a seminar in Hongkong with Shanghai's Fudan University. National Taiwan University students, however, will be allowed to attend the seminar if it is hosted by Hongkong University, Education Minister Mao Kao-wen said.

Commentary on Mainlanders' Visit OW0611120788 Taipei International Service in English 0200 GMT 3 Nov 88

[Station commentary: "Deadline for Mainlanders' Visit Set"]

[Text] Following weeks of rumors that the government was hedging on permitting Mainland Chinese to visit sick or dying relatives on Taiwan, Premier Yu Kuo-hua announced on Tuesday that the government was prepared to decide on a comprehensive mainlander visit policy. Meantime, Premier Yu said applications will be accepted as early as next week. The commentary for the Voice of Free China, this is Jess Lane.

The premier was attending a session of the Legislative Yuan when an interpellator asked why the government had repeatedly postponed the introduction of the new policy liberalizing mainlander visits. Premier Yu countered with a mixture of resolve and reason. He stated the deadline for government action on the issue, but also reminded legislators that the government had proceeded cautiously in its handling of this issue for good reasons—reasons that if everyone understood, he said, would be popularly accepted with little problem. The premier cited the government's concern that the Chinese communist regime on Mainland China would try to take advantage of such a visit to undermine Taiwan's stability or otherwise harm the security interests of the island. He cited the fact that Peking has not disavowed the use of force to settle the problem of Chinese reunification. He asserted that while the government's policy would treat

ordinary mainlanders as being distinctly different from the communist regime, it remains true that Peking could manipulate average mainland citizens to do its dirty work—the various means of coercion. This has been a practice of the Chinese communist regime for years, and Premier Yu doubted that it has changed.

Another danger, Yu said, is that people will grow accustomed to treating the mainland as just another place to do business with. The danger in that, he said, is that people on Taiwan may not understand correctly one rule of communist behavior—that behind every action of the communist regime lies an ulterior motive. The ugly side of the communist regime is not apparent sometimes until it is too late. Yu lamented that some Chinese on Taiwan, especially businessmen, were more naive than others. He criticized them for seeing only short-term interests. That is a luxuary the government does not have since it must look after the long-term interests of the nation. If people properly understood this, he said, they would no longer express dissatisfaction with the snail's pace of the government's action on the mainlander visit policy.

Meanwhile, today marks the first anniversary of the liberalization of visits to the mainland by Taiwan Chinese who have relatives there. In the first year, some 210,000 people from Taiwan visited relatives on the Chinese mainland. The family reunion policy is seen as very successful, and a very useful channel in people-to-people contact across the Taiwan Strait. But common sense dictates that such one-way traffic from here to there involves nowhere near the number of risks and pitfalls as two-way traffic. Call it the pandora box syndrome. And if that ain't reason enough to tread carefully on mainlander visits, nothing is.

Premier Rejects Mainland 'Nonaggression Treaty' OW0511012688 Taipei CNA in English 1558 GMT 4 Nov 88

[Text] Taipei, Nov. 4 (CNA)—Premier Yu Kuo-hua said Friday the Republic of China [ROC] Government will not try to sign a mutual non-aggression treaty with the Peiping regime because the ROC has learned from past lessons that the Chinese communists are untrustworthy.

Even if such a treaty were signed, the Chinese communists would tear it up anytime they liked, the premier said while answering legislative queries at a session of the Legislative Yuan.

Although Peiping has repeatedly claimed that the tense situation across the Strait of Taiwan was easing, it has stopped neither its infiltration and subversive actions against Taiwan nor its attempts to isolate the ROC in the international community, Yu stressed. "We should never fall into the trap set by them," he warned.

The best way to deal with relations between the two sides of the straits is to spread Taiwan's developmental experiences to the China mainland, Premier Yu pointed out.

This way, the ROC can help promote the political democratization, economic liberalization and social pluralization of the mainland, narrow the gap between the two sides, and pave the way for the peaceful reunification of China.

Yu also told the Legislative Yuan that all the government's policies have been directed towards one supreme goal—to oppose communism and recover the China mainland.

The government has never shrunk from the fact that the nation is faced with many difficulties, nor has it cowered under the political and military threat of the communists, he noted.

In spite of the communist threat, the nation has made outstanding political and economic achievements through the united efforts of the government and people during past decades, he said. For example, the nation's per capita income has increased some 60 times, from less than U.S. dlrs 100 in the late 1940s to U.S. dlrs 6,000 now.

To make it possible for all mainland people to enjoy the same democratic and prosperous life as their compatriots on Taiwan, the premier reiterated that the ROC will never give up its goal of reunifying China under freedom and democracy.

Before the goal can be fulfilled the ROC must maintain a strong defense to ensure national security and to safeguard democracy and freedom, Yu asserted. That's why the government has to fund a large defense budget.

But, he continued, the government will still continue to promote national development on Taiwan.

To expand public investment in a bid to stimulate economic growth, the government is planning 21 new major construction projects, Premier Yu said, and the

government will increase spending on education and scientific and technological development to 15 percent of government budget, as required by the constitution.

General Hau Pei-tsun Returns From Singapore OW0411132688 Taipei CNA in English 1507 GMT 3 Nov 88

[Text] Taipei, Nov. 3 (CNA)—"Gen. Hau Pei-tsun, chief of the General Staff, returned to Taipei Thursday after a five-day visit to Singapore.

Gen. Hau flew to Singapore Oct. 30, where he called on Singapore Government leaders. Singapore President Wong Kim Wee, on behalf of the Singaporean Government, conferred the nationals highest military medal on Gen. Hau in recognition of his contributions to promoting friendly relations between the Republic of China and Singapore.

Defense Minister Cheng Wei-yuan and Gen. Chiang Chung-ling, vice chief of the General Staff, greeted him on his arrival at the airport.

Plans for New Missile Cruisers Completed OW0511033288 Taipei Domestic Service in Mandarin 2300 GMT 28 Oct 88

[Text] Defense Minister Cheng Wei-yuan openly said that planning for the building of eight missile cruisers of the Navy's second-generation warships had been completed. The BIW Shipyards in the U.S. state of Maine will assist the Republic of China in building the eight missile cruisers in Kaohsiung. Minister Cheng also reiterated yesterday at the Legislative Yuan that the China Shipbuilding Corporation was still negotiating with Korea's (?Modern) Shipyard about technological transfer and other problems in connection with the purchase of (Wei Shen class) missile cruisers, and was not yet ready to sign a contract.

Hong Kong

Post-1997 Plans for UK Army Headquarters Viewed HK0611040088 Hong Kong SUNDAY STANDARD in English 6 Nov 88 p 1

["Exclusive" by Frank Choi]

[Text] British Army headquarters at HMS TAMAR may become Hong Kong's administrative centre when China resumes sovereignty in 1997.

Informed sources said the architecturally-acclaimed Prince of Wales building would make a suitable choice for the new government secretariat because of its prime location and spaciousness.

The security system, designed for military purposes, could likewise prove attractive to the territory's new rulers.

But the British team in the Joint Liaison Group may have to convince their Chinese counterparts the building should be retained for future use instead of having it pulled down.

Earlier this year, a delegation of the People's Liberation Army visited Hong Kong to look at several defence sites, including barracks and HMS TAMAR.

It is understood Beijing would prefer to collect more information on the location, uses and designs of defence properties before making a decision on their use.

The sources said converting the building into the government secretariat was only one of several ideas being floated in a bid to retain the building.

Britain and Hong Kong would like to see the property retained for use, as one of the few remaining landmarks of British rule.

Britain was keen to keep the building after 1997 to house its consulate and the British Trade Commission.

But Beijing had strong reservations about the plan.

As a symbol of British rule it could enhance the British presence after 1997 and serve as a reminder of colonial rule—something China may want to avoid.

Beijing is also concerned that the building was designed specifically for military purposes and Britain holds the blueprint, even though it might eventually undergo massive renovation.

Built in 1977 at a cost of \$80 million, the building occupies a prime site in the Central-Wan Chai area.

If it was to be demolished, the site could fetch more than \$1 billion.

It is located on a stretch of waterfront designated for reclamation. HMS TAMAR and the nearby City Hall are both included in the Metroplan for urban re-development.

The issue of defence estates was raised at a Joint Liaison Group meeting last year but the exchange was brief inconclusive.

A third possible use for the site would be as a police command centre as support to the new police headquarters.

Officials hope an agreement on the site's use can be reached in the next few years.

Drug Barons Linked to Golden Triangle Via PRC HK0611054288 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 6 Nov 88 p 1

(By James Tam)

[Text] Hong Kong's drug barons have established distribution and transit bases in three provinces of China to speed the flow of heroin from the Sino-Burmese Border to to the territory and overseas, police investigations have revealed.

The bases have been set up in Guangdong, Guangxi and Yunnan and link Hong Kong to the notorious Golden Triangle.

And a senior drug enforcement officer says an expected bumper harvest in the Golden Triangle three months from now will further boost the increasing drug trafficking activities on the China route.

The two problems will top the agenda when Commissioner of Police Raymon Anning meets Chinese Interpol Chief Liu Wen in Hong Kong next month.

Local police are expected to seek support from China in the war against drug traders as part of a network of intelligence aiming to maintain international cooperation in drug enforcement.

China was increasingly being used as a transit point for drugs coming from Burma to Hong Kong and overseas, Chief Staff Officer of Hong Kong police's Narcotics Bureau, Mr Tsang Yam-pui said.

Many local syndicates are made up of recent Chinese arrivals who have maintained contact with established drug bases across the border, he said.

"It is difficult to say how many, but there are a lot of them. And China also has had sizeable drug seizures in the past two years," said Mr Tsang. The China route has become more popular for drug trafficking because it is cheaper than other routes, Mr Tsang explained.

"And drug enforcement is difficult to impose in China because it is a big country. It is hard to track down drug traders there," he said.

"The improvement of China's communication and transportation system also has contributed to the increase in trafficking," he said.

The Golden Triangle has been reaping harvests since 1980, and is expected to have its ninth consecutive bumper harvest between next January and February due to good weather and political stability.

"On the average, a harvest year in the golden Triangle could produce 1,200 to 1,300 metric tons of opium which could be converted into 120 to 130 metric tons of pure heroin—No 4 heroin or heroin base—for the world market," Mr Tsang said.

According to the Central Registry of Drug Abuse, the 40,000 active addicts in Hong Kong only consume about one metric ton per year, he said.

And the huge supply of drugs has also hampered police efforts to cracking down on trafficking.

So far this year the Narcotics Bureau has managed to seize 249 kg of No 4 heroin compared with only 130 kg for the whole of last year.

As for No 3 heroin, a total of 502 kg was netted by police in the past 10 months, compared with the total seizure of 357 kg for last year.

"However, the seizures don't seem to have a large impact on the availability of drugs in the market because of massive production and cheap prices," Mr Tsang conceded.

"Our indicators show there has been no shortage of drugs at all in the past year or so," he said.

"The whole of the Far East as well as some Western countries are really flooded with heroin. This is a trend," said Mr Tsang.

But this has not deterred the bureau from continuing its drug enforcement activities.

Apart from working closely with China, Hong Kong has also established a global intelligence network.

"Since the Interpol link is not sufficient to facilitate our work, we have established direct contact with other countries, mainly through their representatives in Hong Kong, and hot-line services," Mr Tsang said.

For example, in the U.S. Consulate, there are specific officers representing the FBI, U.S. Drug Enforcement Administration and Customs to whom the Hong Kong police have access.

As well, representatives of the Australian Federal Police and the Royal Canadian Mounted Police are attached to the Australia Consulate and the Commissioner of Canada in Hong Kong.

In Southeast Asia, Thailand, which is regarded as a major source of drugs, has become the centre where representatives from all over the world can exchange information and establish contacts in drug enforcement, Mr Tsang said.

"We have a chief superintendent based there to liaise with representatives from other countries for joint operations, especially with European countries like the Netherlands, Germany, and France," he said.

"We also have hot-line link to other Southeast Asian countries. Direct contact is important because almost all drug cases are time-critical," he explained.

The one-week meeting between Mr Anning and his Chinese counterparts will take place in Hong Kong on December 12.

Apart from Mr Anning, the assistant commissioner, Mr Peter Lee, an Interpol staff officer, Superintendent John Chung and other supporting staff will also attend the meeting.

2 Sets of Legislative Council Polls Considered HK0511022188 Hong Kong HONGKONG STANDARD in English 5 Nov 88 p 1

[By the HONGKONG STANDARD Political Team]

[Text] Two sets of elections to the Legislative Council may be held in 1995 to enable the "through-train" concept to be put into practice.

Sources in Beijing and Hong Kong said one election would be monitored by the Hong Kong Government and legislators elected would serve until June 30, 1997, when the territory reverted to Chinese sovereignty.

The other election would be overseen by a committee set up by China. The committee would have invited British officials sitting on it.

Legislators elected in this election would assume office from July 1, 1997.

The sources said the same people were expected to contest the same posts in both elections and the same people were expected to be elected.

An observer said this would allow for the transition of power from one legislature to another to be carried out with a minimum of disruption, since the composition of both bodies would be almost the same.

The system is said to have been devised to ensure a ceremonial and symbolical handing over of sovereignty from Britain to China, even as the through-train concept is being put in motion.

To achieve this, China will set up a committee to monitor and oversee the elections in 1995 for the first post-1997 legislature. This committee will have the stature of a commission, assuming total control of electoral procedures, sources told THE HONGKONG STANDARD.

The earliest possible date for the group to be set up would be late next year, because the subject is regarded by both sides as complicated and sensitive, requiring careful consideration and co-operation.

"We have heard of the idea of parallel elections in 1995," Mr Zheng Weirong, the Chinese representative of the Joint Liaison Group and Basic Law Drafting Committee member said yesterday.

"One election is to be held by the Hong Kong Government, and one by a preparatory committee appointed by the Chinese Government."

He declined to elaborate on this electoral system, but said any proposal would be included in the agenda for the next meeting of Basic Law drafters to be held in Guangzhou from the 19th to 22nd of this month.

Mr Zheng said any proposal on the transition of power had to be in line with the dual principles agreed by the Chinese and British Governments; that there should be an expression of the transfer of sovereignty and that this transfer should be done smoothly.

The Chinese side is said to be seriously concerned about the Hong Kong Government-appointed law makers to the 1995-1999 legislature.

The Sino-British Joint Declaration stipulates that the SAR legislature should be formed through elections.

But Beijing is reluctant to have any British-appointed legislator in place then.

One possible solution said to be under consideration by both sides would be for Britain to get a nod of approval to its list of appointed legislators before the appointments were made. The sources said the Beijing-approved appointees may then have to "win" a poll organised especially to allow them to "qualify" for the pre-July 1997 lawmakers to stay in place when Hong Kong officially became the SAR.

The "qualification" poll would also apply to elected legislators—as a ceremonial arrangement to mark the realisation of China's sovereignty over Hong Kong, the sources said.

The "understanding" between China and Hong Kong on the idea of parellel elections stems from a Hong Kong Government proposal which the governor, Sir David Wilson, has been discussing in Beijing, the sources added.

Other proposals forwarded by the Hong Kong Government included one to have the term of legislative councillors extended from three to four years from 1991.

The first direct elections to the Legislative Council are scheduled for 1991.

The Hong Kong Government has also proposed that a grand electoral college should elect the chief executive within the 12-month period before the handoveu.

They added that there were indications that china had agreed that the future chief executive should be elected and not appointed through consultation.

Councillor Views Beijing Role in 1995 Elections HK0611054488 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 6 Nov 88 p 4

[Text] Legislative Councillor Andrew Wong Wang-fat said yesterday that China's participation in the 1995 election would facilitate a smooth transition of sovereignty.

He rejected suggestions that such an arrangement would arouse suspicion that the Chinese Government would manipulate the election results.

Mr Wong, the convenor of the Omelco (Office of the Members of the Executive and Legislative Councils] constitutional development affairs panel, said: "I think it will be the other way round. If there isn't any direct participation by the Chinese Government, more people will suspect there is an invisible hand at work behind the scene."

Mr Wong was commenting on the agreement reached during Governor Sir David Wilson's talks with senior Chinese officials in Beijing that the 1995 election would be overseen by a China-appointed supervisory committee. Sources in Beijing said an agreement also had been reached that the term of the legislature elected in 1995 would continue until 1999.

To comply with Chinese sovereignty, the Legislative Council will be dissolved on July 1, 1997 and the same members will be allowed to sit on the first legislature of the Special Administrative Region (SAR) government.

Mr Wong said: "I don't know whether these reports are true or not. But for the sake of continuity, I have no objection to these arrangements."

Supporting the principle of the plan, Mr Wong said details of its implementation could be worked out later.

The panel did not discuss the proposal regarding the first legislature of the SAR although the members drew up a list of political issues to be examined in the coming three years.

"To prepare for the second round of consultation of the Basic Law, we will further our studies on the relationship between the Executive Council and the legislature, and possible changes in the future."

The panel also will examine matters pertaining to human rights at their next meeting on December 10.

At yesterday's meeting, the deputy chief secretary, Mr John Chan, briefed members on the proposed reorganisation of the Government Secretariat.

Mr Wong said: "It is confirmed that the planned Central Policy Unit will be an administrative unit will be an administrative unit which is a part of the bureaucracy."

The formation of the unit was revealed by the governor in his annual policy speech in October.

Sir David said the unit was expected to produce imaginative solutions to difficult problems and it would have both full-time and part-time members from within and outside the administration.

It will work under the governor, the chief secretary and the financial secretary.

Mr Chan told the panel members that the unit would have three to four full-time civil servants as core members.

Panel members were also briefed on the proposed organisational changes pertaining to the setting-up of a new policy branch specifically responsible for planning and environmental protection.

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